

Stock Code: 1304

USI Corporation

Handbook for the

2020 Annual General Meeting
of Shareholders

Date: June 12, 2020

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

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USI Corporation
Procedure of the 2020 Annual General Meeting of
Shareholders

1. Announcement of the Commencement of the Meeting
2. Chairperson Takes Chair
3. Opening Speech of the Chairperson
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5. Matters for Ratification and Discussion (I)
6. Elections
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9. Adjournment

USI Corporation
Year 2020

Agenda of Annual General Meeting of Shareholders

Date : Jun.12, 2020 (Friday) AM 09:00

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

1. Report Items:

- (1) To report 2019 operating results.
- (2) To report Audit Committee's Review Reports of 2019 Financial Statement.
- (3) To report 2019 remuneration of directors and employees.
- (4) To report the amendment to the Ethical Corporate Management Best Practice Principles.
- (5) To report the amendment to the Operating Procedures for Ethical Management and Guidelines for Conduct.
- (6) To report the 1st issuance of unsecured corporate bonds of USI Corporation in 2019.

2. Matters for Ratification and Discussion (I):

- (1) To ratify 2019 Business Report and Financial Statements.
- (2) To ratify 2019 earnings distribution.
- (3) To approve the amendment to the Parliamentary Rules for Shareholders' Meetings.
- (4) To approve the amendment to the Operating Procedure for Making of Endorsements/Guarantees.
- (5) To approve the amendment to the Operating Procedure for Loaning of Funds.

3. Elections:

To elect nine directors.

4. Matter Discussion (II)

To approve the permission of directors for competitive actions.

5. Extemporany Motions:

6. Adjournment

I. Report Items:

Report 1

To report 2019 operating results.

USI Corporation

2019 Business Report

The 2019 net sales reduced 7% to NT\$11 billion, with a budget achievement rate of 96%. Pre-tax income increased by NT\$839 million YoY to NT\$1.458 billion, with a budget achievement rate of 496% and net income of NT\$1.28 billion.

The 2019 operations were benefited from the overall price drop of ethylene and the under-supply EVA, when many world-leading EVA suppliers required an overhaul. EVA sales rose to 144,783MT, a new history high. In addition, as the EVA price fluctuated at the higher register to enlarge the spread from ethylene, the room for profit increased significantly compared to that of 2018. The oversupply of PE worsened as the new capacity in the USA started operations. Alongside with the China-US trade war, downstream demand was weakened, price competitions intensified, squeezing the PE profit. The total 2019 EVA/PE sales increased by 3,099MT YoY to 256,362MT. In production, we enhanced production efficiency and quality through constant process improvement, old equipment replacement, and active test-run of niche products. The annual output was 236,410MT. In addition, we pro-actively arranged training for outstanding talents, improved HSE, implemented energy conservation programs, and promoted the ISO-50001 energy management system to achieve sustainable

development. In R&D, we maintained the process optimization of optical cyclic block copolymers for process R&D; and developed the microplate and cuvette for biomedical inspections and the spectacle frame and special packaging materials for product application R&D with successful verification and implementation from customers. In addition, we successfully mass-produced VA EVA for use on ink, shoe styrene, and electrical wires/cables. Orders were received and shipping was ongoing.

In 2019, net sales from the core business was NT\$703 million, and non-operating income net was 756 million, including income from investments adopting the equity method and from dividend. In addition to persistently enhancing our concerns for and implementation of environmental and safety measures, we strengthened our predictive maintenance to ensure the safety of the working environment in all plants. In CSR performance, apart from continuing our efforts in various energy conservation and carbon reduction activities, recycling and reuse, and public safety in the environmental category; we supported the vulnerable, the rural, and environmental protection and ecological conservation through the USI Education Foundation, sponsored educational and charitable activities and college/university social service activities through offering grants and scholarships to colleges and universities to fulfill CSR in real action in the social category.

Looking out to 2020, it is known that the output reduction due to the overhaul of global naphtha crackers will be similar to that of 2019, ethylene supply will be higher than that of 2018 following the escalation of US ethylene export. Although a new EVA capacity of about 30MT is expected from China, this will not affect the market much as the demand also increases. Despite the temporary timeout of the US-China trade war, the deteriorating COVID-19 pandemic will result in a low operation rate of

downstream suppliers to reduce their demand. Therefore, the subsequent downstream demand requires further observation. With the conservative market prediction of the global economic condition, we will make efforts to seek stable and low-cost ethylene sources, lower production cost, enhance product quality, improve technical service, develop differentiated products, and cultivate 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 2019 Financial Statement.

USI Corporation Audit Report

This Audit Committee has audited the 2019 Business Report produced by the Board of Directors, the financial statements (including individual and consolidated financial statements) audited and certified by CPA Pi-Yu Chuang and CPA Cheng-Hung Kuo of Deloitte Taiwan, and the proposal for profit distribution and found no nonconformity. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this report is presented for approval to AGM.

To

The 2020 Annual General Meeting of Shareholders

Audit Committee, USI Corporation

Independent Director: Chong Chen

Independent Director: Tyzz-Jiun Duh

Independent Director: Ying-Jun Hai

March 20, 2020

Report Items:

Report 3

To report 2019 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 2019 remuneration for directors will be distributed in cash at 0.37%, NT\$5,500,000, of the 2019 earnings.
3. The 2019 remuneration for employees will be distributed in cash at 1%, NT\$14,792,794, of the 2019 earnings.

Report Items:

Report 4

To report the amendment to the “Ethical Corporate Management Best Practice Principles”.

Description: 1. Part of the “Ethical Corporate Management Best Practice Principles” was amended with respect to the amendment to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” promulgated by the Taiwan Stock Exchange Corporation.

2. The content of amended provisions to the “Ethical Corporate Management Best Practice Principles” is shown in the next page.

USI Corporation

The Amendment to the “Ethical Corporate Management Best Practice Principles”

After amendment	Before amendment	Description
<p>Article 7: Scope of prevention plan The company shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis.</p> <p>The prevention programs, which shall at least include preventive measures against the following:</p> <ol style="list-style-type: none"> 1. Offering and acceptance of bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits. 5. <u>Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.</u> 6. <u>Engaging in unfair competitive practices.</u> 7. <u>Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</u> 	<p>Article 7: Scope of prevention programs When establishing the prevention programs, the Company shall analyze which business activities within its business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.</p> <p>The prevention programs adopted by the Company shall at least include preventive measures against the following:</p> <ol style="list-style-type: none"> I. Offering and acceptance of bribes. II. Illegal political donations. III. Improper charitable donations or sponsorship. IV. Offering or acceptance of unreasonable presents, services, hospitality, or other improper benefits. 	<ol style="list-style-type: none"> 1. Revisions made according to the amendment to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” by the competent authorities in May 2019. 2. At the initial assessment in 2010, we adopted the preventive measures in subparagraphs 1-4. After re-assessment, we added preventive measures in sub-paragraphs 5-7.

<p><u>Article 8: Commitment and implementation</u> <u>Directors and General manager of the</u> <u>company shall issue a statement of</u> <u>compliance with the ethical management</u> <u>policy and require in the terms of</u> <u>employment that employees comply with</u> <u>such policy.</u></p> <p>The Company and Group enterprises and organizations shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the Board of Directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities. <u>The declarations, commitments and implementation of the above integrity management policy shall be produced and documented by all responsible units and properly preserved.</u></p>	<p><u>Article 8: Commitment and implementation</u> <u>The Company and its Group enterprises and</u> <u>organizations shall clearly specify in their</u> <u>rules and external documents the ethical</u> <u>corporate management policies and the</u> <u>commitment by the Board of Directors and</u> <u>the management on rigorous and thorough</u> <u>implementation of such policies, and shall</u> <u>carry out the policies in internal</u> <u>management and in commercial activities.</u></p>	<p>The following articles have been added with respect to the amendment by the competent authorities.</p>
<p><u>Article 14 Prohibition against infringement</u> <u>of intellectual property rights</u> <u>Directors, managers, employees,</u> <u>mandataries, and substantial controllers of</u> <u>the company shall observe applicable laws</u> <u>and regulations, the company's internal</u> <u>operational procedures, and contractual</u> <u>provisions concerning intellectual property,</u> <u>and may not use, disclose, dispose, or</u> <u>damage intellectual property or otherwise</u> <u>infringe intellectual property rights without</u> <u>the prior consent of the intellectual property</u> <u>rights holder.</u></p>		<p>New provisions added according to the amended “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</p>
<p><u>Article 15 Prohibition of unfair competition</u> <u>The company shall engage in business</u> <u>activities in accordance with applicable</u> <u>competition laws and regulations, and may</u> <u>not fix prices, make rigged bids, establish</u> <u>output restrictions or quotas, or share or</u> <u>divide markets by allocating customers,</u> <u>suppliers, territories, or lines of commerce.</u></p>		<p>New provisions added according to the amended “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”</p>

<p><u>Article 16 Prevention of damage on Stakeholders from Products/Services</u> <u>In the course of research and development, procurement, manufacture, provision, or sale of products and services, The company and our directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.</u></p>		<p>New provisions added according to the amended “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”</p>
<p>Article 17: Organization and liability The Company’s Board of Directors shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies. To achieve sound ethical corporate management, the Company’s <u>governance team</u> establishes and <u>supervises the implementation</u> of the ethical corporate management policies and preventive programs <u>according to the following duties.</u> <u>The chief corporate governance officer periodically (at least once a year) reports to the board of directors:</u> <u>1. Establish regulations to implement the ethical management policy in compliance</u></p>	<p>Article 14: Organization and liability The Company’s Board of Directors shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies. To achieve sound ethical corporate management, the Company shall have its <u>Group HR Division</u> establish the ethical corporate management policies and prevention programs, and have <u>Audit Office</u> <u>supervise the implementation of such policies and programs</u> and report to the Board of Directors on a regular basis.</p>	<p>1. Seriation adjustment 2. Amend in accordance with the amended “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”</p>

<p><u>with the requirements of laws and regulations.</u></p> <p>2. <u>Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope.</u></p> <p>3. <u>Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</u></p> <p>4. <u>Promoting and coordinating awareness and educational activities with respect to ethics policy.</u></p> <p>5. <u>Developing a whistle-blowing system and ensuring its operating effectiveness.</u></p> <p>6. <u>Assisting the board of directors and General manager in assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</u></p>		
<p>Article 18: In compliance with laws and regulations of business executing</p>	<p>Article 15: In compliance with laws and regulations of business executing</p>	<p>Seriation adjustment</p>
<p>Article 19: Interest avoidance</p>	<p>Article 16: Interest avoidance of directors and managers</p>	

<p>Article 20: Accounting and internal control The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems remain effective.</p> <p>The Company’s internal audit officers shall, <u>based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and examine accordingly the compliance with the prevention programs.</u></p> <p><u>The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors and Audit Committee.</u></p>	<p>Article 17: Accounting and internal control The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems remain effective.</p> <p>The Company’s internal audit officers shall periodically examine the Company's compliance with the foregoing systems and prepare audit reports and submit the same to the Board of Directors.</p>	<ol style="list-style-type: none"> 1. Seriation adjustment 2. Amend in accordance with the amended “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”
<p>Article 21~ Article 25</p>	<p>Article 18~ Article 22</p>	<p>Only seriation adjustment without content revision.</p>
<p>Article 26 Implement These Principles and any amendments hereto, shall be implemented after adoption by resolution of the Board of Directors.</p>	<p>Article 23 Enforcement These Principles shall be implemented upon approval by resolution of the Board of Directors, <u>and reported to a shareholders’ meeting.</u> The same shall apply where these Principles are amended.</p>	<p>Simplification of operating procedures.</p>

Report Items:

Report 5

To report the amendment to the “Operating Procedures for Ethical Management and Guidelines for Conduct”.

Description: 1. Part of the “Operating Procedures for Ethical Management and Guidelines for Conduct” was amended with respect to the amendment to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” promulgated by the Taiwan Stock Exchange Corporation.

2. The content of amended provisions to the “Operating Procedures for Ethical Management and Guidelines for Conduct” is shown in the next page.

USI Corporation

The Amendment to the “Operating Procedures for Ethical Management and Guidelines for Conduct”

After amendment	Before amendment	Description
<p>Article 5. (Dedicated Unit) <u>This Company appoints the governance team (the “Dedicated Unit”) under the board of directors to establish and supervise the implementation of the ethical corporate management policies and preventive programs. The chief corporate governance officer shall be in charge of the following matters and report to the board of directors periodically(at least once a year):</u> <u>I. Establish regulations to implement the ethical management policy according to the laws and regulations.</u> <u>II. Periodically analyzes and assess the risk of unethical behavior within the scope of business.</u> <u>III. Planning the internal organization, structure and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical behavior.</u> <u>IV. Promoting and coordinating awareness and educational activities with respect to ethics policy.</u> <u>V. Developing a whistleblower system and ensuring its operating effectiveness.</u> <u>VI. Assisting the board of directors and General manager in assessing whether the preventive measures for ethical management are effectively implemented, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</u></p>	<p>Article 5. (Dedicated Unit) The Company shall designate its Group HR Division as the dedicated unit (hereinafter referred to as the “dedicated unit”) in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, and the recording and filing of reports and submission of regular reports to the Board of Directors.</p>	<p>Revisions made according to the amendment to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” by the competent authorities in May 2019.</p>
<p>Article 24 (Implement) These Procedures and Guidelines, and any</p>	<p>Article 24. (Enforcement) These Procedures and Guidelines shall be</p>	<p>Simplification of operating</p>

amendments hereto, shall be implemented after adoption by resolution of the Board of Directors.	enforced upon approval by a directors' meeting, <u>and reported to a shareholders' meeting.</u> The same shall apply where these Procedures and Guidelines are amended.	procedures.
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Report Items:

Report 6

To report the 1st issuance of unsecured corporate bonds of USI Corporation in 2019.

Description: In order to repay bank loans, the resolution on the issuance of 2019 unsecured corporate bonds amounting to NT\$2 billion in 2019 was made at the 9th meeting of the 19th board of directors. That corporate bond was issued smoothly on April 26, 2019. The placement and issuance of bond are reported as follows:

1. Total issued amount: NT\$2 billion.
2. Term of issuance: Five years.
3. Coupon Rate: Fixed interest rate at 0.98% per annum.
4. Method of interest calculation and payment: Simple interest calculated at the coupon rate once a year.
5. Principal repayment: Lump sum repayment on maturity.
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 (I):

Proposal 1

Proposed by the Board

To ratify 2019 Business Report and Financial Statements.

- Description: 1. The 2019 financial statements (including individual and consolidated financial statements) approved by the Board on March 9, 2020 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 2019 Business Report and p.21-41 for the CPA Audit Report and the financial statements.

Resolution:

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
USI Corporation

Opinion

We have audited the accompanying financial statements of USI Corporation (the “Company”), which comprise the balance sheets as of December 31, 2019 and 2018, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020 and auditing standards generally accepted in the Republic of China. We conducted our audit of the financial statements for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Company's financial statements for the year ended December 31, 2019 are stated as follows:

Assessment of Inventory Valuation Loss

As of December 31, 2019, the net carrying amount of inventory was NT\$1,049,295 thousand (the gross amount of inventory costs NT\$1,062,322 thousand deducted the allowance for inventory valuation loss of NT\$13,027 thousand), which accounted for 3% of the total assets in the financial statements. The Company's inventories are stated at the lower of cost and net realizable value. As inventory assessment is affected by fluctuations in the price of ethylene, the main raw material, and international oil prices fluctuate violently, coupled with the fact that the assessment of the related net realizable value involves management's significant judgment and estimates; the assessment of inventory valuation loss has been deemed as a key audit matter for the year ended December 31, 2019.

For the accounting policies, significant accounting judgments, estimates and uncertainty of assumptions and related disclosure information, please refer to Notes 4(e), 5(a) and 11 to the financial statements.

The main audit procedures performed with respect to the aforementioned assessment of inventory valuation loss are as follows:

1. Based on the understanding of the industry to which the Company belongs, we assessed the accrual policy of inventory valuation loss and the appropriateness of the method used.
2. We obtained the documents for assessment on inventory valuation loss based on the lower of cost and net realizable value prepared by management, sampled and reconciled them to the most recent raw material prices or sales receipts, and recalculated the net realizable value, in order to assess the reasonableness of the basis of the estimation of the net realizable value used by management.
3. We observed the year-end inventory stock taking and implemented random sampling to understand the condition of the inventory, and assessed the reasonableness of the provision for losses due to obsolete inventory.

Validity of Sales Revenue from Specific Customers

The amount of sales revenue from the sale of thin film solar products to specific customers amounted to NT\$3,596,919 thousand for the year ended December 31, 2019, which accounted for 33% of the Company's total sales revenue. The sales are mainly made to customers in mainland China. Due to restoration of the subsidy policy of photovoltaics in China, the sales revenue increased by 18% compared to the previous year. However, as the industry is highly competitive, the aforementioned revenue growth varies from the overall outlook trends of the industry. After consideration, the validity of sales revenue from specific customers is material to the Company's recognition of overall sales revenue for the year ended December 31, 2019. Therefore, the validity of sales revenue from these specific customers has been identified as a key audit matter for the year ended December 31, 2019.

For the accounting policies and disclosure information related to sales revenue, please refer to Notes 4(l) and 23 to the financial statements.

The main audit procedures performed with respect to the aforementioned validity of sales revenue to specific customers are as follows:

1. We understood and tested the design and operating effectiveness of the main internal controls related to the validity of sales revenue from specific customers.
2. We sampled the transaction documents of sales revenue from specific customers, including the sales orders, shipping documents and billing documents, in order to understand and identify the control of

the products, transfer of significant risks and rewards to the customer and the validity of sales revenue recognized by the Company.

3. We sampled the sales returns and discounts that occurred as well as the amounts collected after the reporting period to determine the reasonableness of the recognition of sales revenue.

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

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

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

Those charged with governance (including the audit committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Pi-Yu Chuang and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 20, 2020

Notice to Readers

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

USI CORPORATION

BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 811,321	3	\$ 1,789,529	6
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	2,173,322	7	1,236,761	4
Financial assets measured at amortized cost - current (Notes 4, 9 and 31)	60,561	-	60,500	-
Notes receivable, net (Notes 4 and 10)	73,926	-	92,521	-
Accounts receivable, net (Notes 4 and 10)	1,229,356	4	1,411,861	5
Accounts receivable from related parties (Notes 4, 10 and 30)	89,750	-	61,326	-
Other receivables (Notes 4 and 10)	60,075	-	61,616	-
Other receivables from related parties (Notes 4, 10 and 30)	332,962	1	329,845	1
Inventories (Notes 4, 5 and 11)	1,049,295	3	1,368,761	5
Prepayments	158,311	1	173,019	1
Other current assets	21	-	31	-
Total current assets	<u>6,038,900</u>	<u>19</u>	<u>6,585,770</u>	<u>22</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	900,398	3	1,021,501	4
Investments accounted for using the equity method (Notes 3, 4, 12 and 33)	17,263,486	55	14,967,524	51
Property, plant and equipment (Notes 4, 5, 13 and 31)	6,609,957	21	6,682,004	23
Right-of-use assets (Notes 3, 4 and 14)	18,768	-	-	-
Investment properties (Notes 3, 4, 15 and 30)	213,844	1	32,366	-
Intangible assets (Notes 4 and 16)	333	-	470	-
Deferred tax assets (Notes 4 and 25)	124,570	-	80,749	-
Other non-current assets (Note 31)	161,665	1	97,386	-
Total non-current assets	<u>25,293,021</u>	<u>81</u>	<u>22,882,000</u>	<u>78</u>
TOTAL	<u>\$ 31,331,921</u>	<u>100</u>	<u>\$ 29,467,770</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	\$ 500,000	2	\$ 1,753,000	6
Short-term bills payable (Note 17)	-	-	199,981	1
Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	1,807	-	6,817	-
Accounts payable (Note 19)	769,412	2	788,239	3
Accounts payable from related parties (Notes 19 and 30)	147,395	1	163,346	-
Other payables (Notes 20 and 24)	395,417	1	273,325	1
Other payables from related parties (Notes 20 and 30)	17,871	-	16,179	-
Current tax liabilities (Notes 4 and 25)	172,500	1	33,353	-
Lease liabilities - current (Notes 3, 4 and 14)	30,732	-	-	-
Current portion of long-term borrowings (Note 18)	999,956	3	-	-
Other current liabilities (Note 30)	67,069	-	59,499	-
Total current liabilities	<u>3,102,159</u>	<u>10</u>	<u>3,293,739</u>	<u>11</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 18)	6,991,327	22	5,992,604	20
Long-term borrowings (Notes 17 and 31)	1,950,000	6	1,500,000	5
Lease liabilities - non-current(Notes 3, 4 and 14)	177,517	1	-	-
Deferred tax liabilities (Notes 4 and 25)	164,167	-	171,743	1
Net defined benefit liabilities - non-current (Notes 4, 5 and 21)	274,935	1	308,934	1
Credit balance for investments accounted for using the equity method (Notes 4 and 12)	576	-	1,310	-
Other non-current liabilities	11,737	-	12,287	-
Total non-current liabilities	<u>9,570,259</u>	<u>30</u>	<u>7,986,878</u>	<u>27</u>
Total liabilities	<u>12,672,418</u>	<u>40</u>	<u>11,280,617</u>	<u>38</u>
EQUITY (Notes 3, 4, 8, 21, 22, 25 and 29)				
Share capital	<u>11,887,635</u>	<u>38</u>	<u>11,887,635</u>	<u>40</u>
Capital surplus	<u>271,613</u>	<u>1</u>	<u>253,738</u>	<u>1</u>
Retained earnings				
Legal reserve	2,979,753	10	2,925,759	10
Special reserve	430,526	1	375,127	1
Unappropriated earnings	<u>4,346,640</u>	<u>14</u>	<u>3,513,943</u>	<u>12</u>
Total retained earnings	<u>7,756,919</u>	<u>25</u>	<u>6,814,829</u>	<u>23</u>
Other equity	<u>(781,058)</u>	<u>(2)</u>	<u>(293,443)</u>	<u>(1)</u>
Treasury shares	<u>(475,606)</u>	<u>(2)</u>	<u>(475,606)</u>	<u>(1)</u>
Total equity	<u>18,659,503</u>	<u>60</u>	<u>18,187,153</u>	<u>62</u>
TOTAL	<u>\$ 31,331,921</u>	<u>100</u>	<u>\$ 29,467,770</u>	<u>100</u>

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

USI CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 30)				
Sales	\$ 10,966,471	100	\$ 11,763,140	100
COSTS OF GOODS SOLD (Notes 4, 11, 13, 16, 21, 24 and 30)	<u>9,584,497</u>	<u>88</u>	<u>10,956,048</u>	<u>93</u>
GROSS PROFIT	1,381,974	12	807,092	7
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Notes 4 and 30)	(842)	-	(1,035)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Notes 4 and 30)	<u>1,035</u>	<u>-</u>	<u>1,905</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,382,167</u>	<u>12</u>	<u>807,962</u>	<u>7</u>
OPERATING EXPENSES (Notes 4, 13, 14, 16, 21, 24 and 30)				
Selling and marketing expenses	247,127	2	249,633	2
General and administrative expenses	254,404	2	267,581	2
Research and development expenses	<u>177,916</u>	<u>2</u>	<u>178,611</u>	<u>2</u>
Total operating expenses	<u>679,447</u>	<u>6</u>	<u>695,825</u>	<u>6</u>
PROFIT FROM OPERATIONS	<u>702,720</u>	<u>6</u>	<u>112,137</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 13, 24 and 30)	364,748	3	185,355	2
Other gains and losses (Notes 4, 15, 16, 24 and 30)	(22,752)	-	(32,548)	-
Finance costs (Notes 4, 14, 17, 18 and 24)	(104,366)	(1)	(60,326)	(1)
Share of profit of subsidiaries accounted for using the equity method (Notes 4 and 12)	<u>518,637</u>	<u>5</u>	<u>415,724</u>	<u>3</u>
Total non-operating income and expenses	<u>756,267</u>	<u>7</u>	<u>508,205</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	1,458,987	13	620,342	5
INCOME TAX EXPENSE (Notes 4 and 25)	<u>177,623</u>	<u>1</u>	<u>80,407</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>1,281,364</u>	<u>12</u>	<u>539,935</u>	<u>5</u>

(Continued)

USI CORPORATION

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

	2019		2018	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 21)	(3,106)	-	807	-
(Loss) profit of equity instruments measured at FVTOCI (Notes 4 and 22)	(104,930)	(1)	24,687	-
Share of the other comprehensive income of subsidiaries accounted for using the equity method, net of tax (Notes 4 and 22)	42,151	-	(204,114)	(2)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4, 22 and 25)	<u>621</u>	<u>-</u>	<u>3,708</u>	<u>-</u>
	<u>(65,264)</u>	<u>(1)</u>	<u>(174,912)</u>	<u>(2)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Notes 4 and 22)	(339,848)	(3)	32,263	-
Share of the other comprehensive (loss) income of subsidiaries accounted for using the equity method, net of tax (Notes 4 and 22)	(122,069)	(1)	(24,130)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 22 and 25)	<u>67,970</u>	<u>1</u>	<u>(6,623)</u>	<u>-</u>
	<u>(393,947)</u>	<u>(3)</u>	<u>1,510</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(459,211)</u>	<u>(4)</u>	<u>(173,402)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 822,153</u>	<u>8</u>	<u>\$ 366,533</u>	<u>3</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 1.19</u>		<u>\$ 0.50</u>	
Diluted	<u>\$ 1.19</u>		<u>\$ 0.50</u>	

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

(Concluded)

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

	Capital Surplus				Retained Earnings			Other Equity			Treasury Shares (Notes 4 and 22)	Total
	Share Capital (Notes 4 and 22)	Treasury Share Transactions (Note 22)	Share of Changes in Capital Surplus of Associats (Notes 4 and 22)	Others (Note 22)	Legal Reserve (Note 22)	Special Reserve (Note 22)	Unappropriated Earnings (Notes 3, 4, 8, 21, 22 and 25)	Exchange Differences on Translating Foreign Operations (Notes 4, 22 and 25)	Unrealized Gain on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets Measured at FVTOCI (Notes 4, 8, 22, and 29)		
BALANCE AT JANUARY 1, 2018	\$ 11,654,544	\$ 222,710	\$ 996	\$ 14,488	\$ 2,814,630	\$ 375,127	\$ 3,548,804	\$ (190,880)	\$ 159,594	\$ -	\$ (475,606)	\$ 18,124,407
Effects of retrospective application	-	-	-	-	-	-	30,762	-	(159,594)	181,005	-	52,173
BALANCE AT JANUARY 1, 2018, AS RECLASSIFIED	11,654,544	222,710	996	14,488	2,814,630	375,127	3,579,566	(190,880)	-	181,005	(475,606)	18,176,580
Appropriation of the 2017 earnings												
Legal reserve	-	-	-	-	111,129	-	(111,129)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(349,636)	-	-	-	-	(349,636)
Share dividends distributed by the Company	233,091	-	-	-	-	-	(233,091)	-	-	-	-	-
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	539,935	-	-	-	-	539,935
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	12,396	1,510	-	(187,308)	-	(173,402)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	552,331	1,510	-	(187,308)	-	366,533
Changes in capital surplus and retained earnings from investments in subsidiaries	-	-	1,596	-	-	-	4,664	-	-	(7,595)	-	(1,335)
Other changes in capital surplus	-	-	-	2,675	-	-	-	-	-	-	-	2,675
Disposal of subsidiaries	-	-	-	-	-	-	-	(18,937)	-	-	-	(18,937)
Changes in capital surplus from distributing cash dividends to subsidiaries	-	11,273	-	-	-	-	-	-	-	-	-	11,273
Disposal of equity instruments measured at FVTOCI	-	-	-	-	-	-	71,238	-	-	(71,238)	-	-
BALANCE AT DECEMBER 31, 2018	11,887,635	233,983	2,592	17,163	2,925,759	375,127	3,513,943	(208,307)	-	(85,136)	(475,606)	18,187,153
Effect of retrospective application	-	-	-	-	-	-	(9,509)	-	-	-	-	(9,509)
BALANCE AT JANUARY 1, 2019, AS RECLASSIFIED	11,887,635	233,983	2,592	17,163	2,925,759	375,127	3,504,434	(208,307)	-	(85,136)	(475,606)	18,177,644
Appropriation of the 2018 earnings												
Legal reserve	-	-	-	-	53,994	-	(53,994)	-	-	-	-	-
Special reserve	-	-	-	-	-	55,399	(55,399)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(356,629)	-	-	-	-	(356,629)
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	1,281,364	-	-	-	-	1,281,364
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	(3,563)	(393,947)	-	(61,701)	-	(459,211)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	1,277,801	(393,947)	-	(61,701)	-	822,153
Changes in capital surplus and retained earnings from investments in subsidiaries	-	-	4,699	-	-	-	28,819	-	-	(29,742)	-	3,776
Other changes in capital surplus	-	-	-	1,677	-	-	-	-	-	-	-	1,677
Disposal of subsidiaries	-	-	-	-	-	-	-	(617)	-	-	-	(617)
Changes in capital surplus from distributing cash dividends to subsidiaries	-	11,499	-	-	-	-	-	-	-	-	-	11,499
Disposal of equity instruments measured at FVTOCI	-	-	-	-	-	-	1,608	-	-	(1,608)	-	-
BALANCE AT DECEMBER 31, 2019	<u>\$ 11,887,635</u>	<u>\$ 245,482</u>	<u>\$ 7,291</u>	<u>\$ 18,840</u>	<u>\$ 2,979,753</u>	<u>\$ 430,526</u>	<u>\$ 4,346,640</u>	<u>\$ (602,871)</u>	<u>\$ -</u>	<u>\$ (178,187)</u>	<u>\$ (475,606)</u>	<u>\$ 18,659,503</u>

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

USI CORPORATION

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

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,458,987	\$ 620,342
Adjustments for:		
Depreciation expenses	504,898	419,380
Amortization expenses	12,801	11,572
Net (gain) loss on fair value changes of financial assets and liabilities at FVTPL	(66,813)	1,171
Finance costs	121,666	86,490
Interest income	(15,978)	(18,186)
Dividend income	(48,117)	(68,098)
Share of profit of subsidiaries accounted for using the equity method	(518,637)	(415,724)
Gain on disposal of property, plant and equipment	(785)	(1,242)
Inventory write-downs recognized	5,435	5,426
Impairment loss recognized on non-financial assets	-	27,630
Gain on government grants	(155,710)	-
Unrealized gain on transactions with subsidiaries	842	1,035
Realized gain on transactions with subsidiaries	(1,035)	(1,905)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets mandatorily classified as at FVTPL	(874,758)	444,451
Decrease in notes receivable	18,595	5,907
Decrease (increase) in accounts receivable	182,505	(283,812)
(Increase) decrease in accounts receivable from related parties	(28,424)	22,793
Decrease in other receivables	1,867	9,849
(Increase) decrease in other receivables from related parties	(3,117)	236,293
Decrease (increase) in inventories	314,031	(30,462)
Decrease (increase) in prepayments	14,594	(21,130)
Decrease (increase) in other current assets	10	(31)
Decrease in accounts payable	(18,827)	(420,111)
(Decrease) increase in accounts payable from related parties	(15,951)	63,118
Increase (decrease) in other payables	110,534	(128,918)
Increase (decrease) in other payables from related parties	1,692	(1,541)
Increase (decrease) in other current liabilities	7,570	(23,403)
Decrease in net defined benefit liabilities	(37,105)	(66,697)
Cash generated from operations	970,770	474,197
Interest received	15,652	19,126
Interest paid	(105,382)	(82,983)
Income tax paid	(21,282)	(76,534)
Net cash generated from operating activities	<u>859,758</u>	<u>333,806</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at FVTOCI	2,389	99,455
Proceeds from capital reduction of financial assets at FVTOCI	13,784	14,924
Payments for financial assets measured at amortized cost	(61)	(6,500)

(Continued)

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

	2019	2018
Net cash outflow on acquisition of subsidiaries	(2,203,645)	(3,034,601)
Payments for property, plant and equipment	(438,684)	(536,102)
Proceeds from disposal of property, plant and equipment	409	454
Increase in refundable deposits	(4,448)	(3,705)
Payments for intangible assets	(207)	(689)
Increase in other non-current assets	(72,288)	(18,438)
Dividends received	65,023	86,337
Compensations for land ownership certificate	<u>192,994</u>	<u>-</u>
Net cash used in investing activities	<u>(2,444,734)</u>	<u>(3,398,865)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(1,253,000)	1,553,000
(Decrease) increase in short-term bills payable	(199,981)	199,981
Proceeds from issuance of bonds payable	1,995,630	-
Proceeds from long-term borrowings	4,450,000	5,600,000
Repayments of long-term borrowings	(4,000,000)	(4,100,000)
Increase in guarantee deposits received	532	53
Repayments of the principal portion of lease liabilities	(29,784)	-
Payments for cash dividends	<u>(356,629)</u>	<u>(349,636)</u>
Net cash generated from financing activities	<u>606,768</u>	<u>2,903,398</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(978,208)	(161,661)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,789,529</u>	<u>1,951,190</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 811,321</u>	<u>\$ 1,789,529</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
USI Corporation

Opinion

We have audited the accompanying consolidated financial statements of USI Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020 and auditing standards generally accepted in the Republic of China. We conducted our audit of the consolidated financial statements for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December

31, 2019 is stated as follows:

Assessment of Inventory Valuation Loss

As of December 31, 2019, the net carrying amount of inventory was NT\$4,919,506 thousand (the gross amount of inventory costs NT\$5,545,061 thousand deducted the allowance for inventory valuation loss of NT\$625,555 thousand), which accounted for 7% of the total consolidated assets. The Group's inventories are stated at the lower of cost and net realizable value. As inventory assessment is affected by fluctuations in the price of ethylene, the main raw material, and international oil prices fluctuate violently, coupled with the fact that the assessment of the related net realizable value involves management's significant judgment and estimates; the assessment of inventory valuation loss has been deemed as a key audit matter for the year ended December 31, 2019.

For the accounting policies, significant accounting judgments, estimates and uncertainty of assumptions and related disclosure information, please refer to Notes 4(f), 5(b) and 11 to the consolidated financial statements.

The main audit procedures performed with respect to the aforementioned assessment of inventory valuation loss are as follows:

1. Based on the understanding of the industry to which the Group belongs, we assessed the accrual policy of inventory valuation loss and the appropriateness of the method used.
2. We obtained the documents for assessment on inventory valuation loss based on the lower of cost and net realizable value prepared by management, sampled and reconciled them to the most recent raw material prices or sales receipts, and recalculated the net realizable value, in order to assess the reasonableness of the basis of the estimation of the net realizable value used by management.
3. We observed the year-end inventory stock taking and implemented random sampling to understand the condition of the inventory, and assessed the reasonableness of the provision for losses due to obsolete inventory.

Other Matter

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

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

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

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

Those charged with governance (including the audit committee) are responsible for overseeing the

Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

We also provide those charged with governance with statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all

relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partners on the audit resulting in this independent auditors' report are Pi-Yu Chuang and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 20, 2020

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the 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.

USI CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 7,927,403	11	\$ 8,123,304	12
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	6,358,025	9	5,084,305	7
Financial assets at fair value through other comprehensive income (FVTOCI) - current (Notes 4 and 8)	174,789	-	158,602	-
Financial assets measured at amortized cost - current (Notes 4, 9 and 37)	506,129	1	439,135	1
Notes receivable, net (Notes 4 and 10)	634,435	1	1,015,882	2
Accounts receivable, net (Notes 4, 5 and 10)	6,411,077	9	7,532,851	11
Other receivables (Notes 4, 10 and 36)	277,131	-	279,612	-
Current tax assets (Notes 4 and 30)	11,919	-	8,116	-
Inventories (Notes 4, 5 and 11)	4,919,506	7	6,703,104	10
Prepayments (Notes 3 and 19)	782,608	1	742,562	1
Other current assets	17,150	-	11,909	-
Total current assets	28,020,172	39	30,099,382	44
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4, 8 and 37)	2,196,724	3	2,521,855	4
Financial assets measured at amortized cost - non-current (Notes 4, 9, 37 and 38)	311,942	-	311,758	-
Investments accounted for using the equity method (Notes 4 and 14)	14,867,168	21	10,338,945	15
Property, plant and equipment (Notes 4, 5, 15 and 37)	23,228,911	33	23,825,239	35
Right-of-use assets (Notes 3, 4, 16 and 37)	885,508	1	-	-
Investment properties (Notes 3, 4, 17 and 37)	524,408	1	182,424	-
Goodwill (Notes 4 and 18)	269,026	-	269,026	-
Other intangible assets (Notes 4 and 18)	17,004	-	33,377	-
Deferred tax assets (Notes 4 and 30)	643,715	1	633,334	1
Long-term prepayments for leases (Notes 3, 4, 16, 19 and 37)	-	-	459,542	1
Other non-current assets (Note 37)	461,208	1	316,156	-
Total non-current assets	43,405,614	61	38,891,656	56
TOTAL	\$ 71,425,786	100	\$ 68,991,038	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 20 and 37)	\$ 4,258,980	6	\$ 6,726,854	10
Short-term bills payable (Note 20)	1,352,810	2	1,514,784	2
Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	4,136	-	11,135	-
Notes and accounts payable (Note 22)	2,757,368	4	3,392,687	5
Other payables (Note 23)	1,938,026	3	1,897,550	3
Current tax liabilities (Notes 4 and 30)	517,913	1	270,351	-
Lease liabilities - current (Notes 3, 4 and 16)	70,814	-	-	-
Current portion of long-term borrowings (Notes 20, 21 and 37)	1,443,156	2	525,000	1
Refund liabilities - current (Note 23)	28,221	-	30,034	-
Other current liabilities	262,958	-	283,389	-
Total current liabilities	12,634,382	18	14,651,784	21
NON-CURRENT LIABILITIES				
Bonds payable (Note 21)	6,991,327	10	5,992,604	9
Long-term borrowings (Notes 20 and 37)	9,049,770	12	8,617,624	13
Provisions - non-current (Notes 24 and 38)	136,375	-	136,375	-
Deferred tax liabilities (Notes 4 and 30)	1,411,901	2	1,408,232	2
Lease liabilities - non-current (Notes 3, 4 and 16)	481,964	1	-	-
Net defined benefit liabilities - non-current (Notes 4, 5 and 25)	1,473,867	2	1,658,228	2
Other non-current liabilities (Note 26)	69,253	-	71,482	-
Total non-current liabilities	19,614,457	27	17,884,545	26
Total liabilities	32,248,839	45	32,536,329	47
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 3, 4, 8, 13, 25, 27 and 30)				
Share capital	11,887,635	17	11,887,635	17
Capital surplus	271,613	-	253,738	-
Retained earnings				
Legal reserve	2,979,753	4	2,925,759	4
Special reserve	430,526	1	375,127	1
Unappropriated earnings	4,346,640	6	3,513,943	5
Total retained earnings	7,756,919	11	6,814,829	10
Other equity	(781,058)	(1)	(293,443)	-
Treasury shares	(475,606)	(1)	(475,606)	(1)
Total equity attributable to owners of the Company	18,659,503	26	18,187,153	26
NON-CONTROLLING INTERESTS	20,517,444	29	18,267,556	27
Total equity	39,176,947	55	36,454,709	53
TOTAL	\$ 71,425,786	100	\$ 68,991,038	100

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

USI CORPORATION AND SUBSIDIARIES

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

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 28)				
Sales	\$ 55,656,741	100	\$ 60,892,513	100
COST OF GOODS SOLD (Notes 4, 11, 15, 16, 18, 25 and 29)	<u>48,924,372</u>	<u>88</u>	<u>55,097,773</u>	<u>91</u>
GROSS PROFIT	<u>6,732,369</u>	<u>12</u>	<u>5,794,740</u>	<u>9</u>
OPERATING EXPENSES (Notes 4, 10, 15, 16, 18, 25, 29 and 36)				
Selling and marketing expenses	2,042,577	4	2,048,027	3
General and administrative expenses	1,341,976	2	1,392,314	2
Research and development expenses	<u>416,083</u>	<u>1</u>	<u>421,600</u>	<u>1</u>
Total operating expenses	<u>3,800,636</u>	<u>7</u>	<u>3,861,941</u>	<u>6</u>
PROFIT FROM OPERATIONS	<u>2,931,733</u>	<u>5</u>	<u>1,932,799</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 15, 29 and 36)	729,191	1	616,677	1
Other gains and losses (Notes 4, 13, 19, 25, 29 and 40)	(1,929)	-	185,075	-
Finance costs (Notes 4, 16, 20, 21 and 29)	(285,222)	-	(244,395)	-
Share of (loss) gain of joint ventures accounted for using the equity method (Notes 4 and 14)	<u>(12,403)</u>	<u>-</u>	<u>32,271</u>	<u>-</u>
Total non-operating income and expenses	<u>429,637</u>	<u>1</u>	<u>589,628</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	3,361,370	6	2,522,427	4
INCOME TAX EXPENSE (Notes 4 and 30)	<u>820,144</u>	<u>1</u>	<u>654,078</u>	<u>1</u>
NET PROFIT FROM CONTINUING OPERATIONS	2,541,226	5	1,868,349	3
NET PROFIT FROM DISCONTINUED OPERATIONS (Notes 4 and 12)	<u>4,175</u>	<u>-</u>	<u>7,467</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>2,545,401</u>	<u>5</u>	<u>1,875,816</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS)				

(Continued)

USI CORPORATION AND SUBSIDIARIES

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

	2019		2018	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 25)	8,291	-	4,895	-
Loss of equity instruments measured at FVTOCI (Notes 4 and 27)	(179,751)	-	(24,377)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4, 27 and 30)	(219)	-	17,566	-
	<u>(171,679)</u>	<u>-</u>	<u>(1,916)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Notes 4 and 27)	(974,471)	(2)	(74,387)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 27 and 30)	152,665	-	15,726	-
	<u>(821,806)</u>	<u>(2)</u>	<u>(58,661)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(993,485)</u>	<u>(2)</u>	<u>(60,577)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,551,916</u>	<u>3</u>	<u>\$ 1,815,239</u>	<u>3</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,281,364	3	\$ 539,935	1
Non-controlling interests	<u>1,264,037</u>	<u>2</u>	<u>1,335,881</u>	<u>2</u>
	<u>\$ 2,545,401</u>	<u>5</u>	<u>\$ 1,875,816</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 822,153	2	\$ 366,533	1
Non-controlling interests	<u>729,763</u>	<u>1</u>	<u>1,448,706</u>	<u>2</u>
	<u>\$ 1,551,916</u>	<u>3</u>	<u>\$ 1,815,239</u>	<u>3</u>

(Continued)

USI CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

	2019		2018	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 31)				
From continuing and discontinued operations				
Basic	<u>\$ 1.19</u>		<u>\$ 0.50</u>	
Diluted	<u>\$ 1.19</u>		<u>\$ 0.50</u>	
From continuing operations				
Basic	<u>\$ 1.19</u>		<u>\$ 0.50</u>	
Diluted	<u>\$ 1.19</u>		<u>\$ 0.50</u>	

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

(Concluded)

USI CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company							Other Equity			Non-controlling Interests (Notes 3, 8, 13, 14 and 27)	Total Equity		
	Share Capital (Notes 4 and 27)	Treasury Share Transactions (Note 27)	Capital Surplus		Retained Earnings			Exchange Differences on Translating Foreign Operations (Notes 4, 27 and 30)	Unrealized Gain on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets Measured at FVTOCI (Notes 4, 8, 27 and 30)			Treasury Shares (Note 27)	Total
			Shares of Changes in Capital Surplus of Associates (Notes 4, 13 and 27)	Others (Note 27)	Legal Reserve (Note 27)	Special Reserve (Note 27)	Unappropriated Earnings (Notes 3, 4, 8, 13 and 27)							
BALANCE AT JANUARY 1, 2018	\$ 11,654,544	\$ 222,710	\$ 996	\$ 14,488	\$ 2,814,630	\$ 375,127	\$ 3,548,804	\$ (190,880)	\$ 159,594	\$ -	\$ (475,606)	\$ 18,124,407	\$ 16,684,012	\$ 34,808,419
Effects of retrospective application	-	-	-	-	-	-	30,762	-	(159,594)	181,005	-	52,173	44,007	96,180
BALANCE AT JANUARY 1, 2018, AS RECLASSIFIED	11,654,544	222,710	996	14,488	2,814,630	375,127	3,579,566	(190,880)	-	181,005	(475,606)	18,176,580	16,728,019	34,904,599
Appropriation of the 2017 earnings														
Legal reserve	-	-	-	-	111,129	-	(111,129)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(349,636)	-	-	-	-	(349,636)	-	(349,636)
Share dividends distributed by the Company	233,091	-	-	-	-	-	(233,091)	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(615,849)	(615,849)
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	539,935	-	-	-	-	539,935	1,335,881	1,875,816
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	12,396	1,510	-	(187,308)	-	(173,402)	112,825	(60,577)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	-	552,331	1,510	-	(187,308)	-	366,533	1,448,706	1,815,239
Changes in capital surplus and retained earnings from investments in subsidiaries	-	-	1,596	-	-	-	(2,931)	-	-	-	-	(1,335)	6,456	5,121
Other changes in capital surplus	-	-	-	2,675	-	-	-	-	-	-	-	2,675	-	2,675
Disposals of subsidiaries	-	-	-	-	-	-	-	(18,937)	-	-	-	(18,937)	(20,086)	(39,023)
Changes in capital surplus from distributing cash dividends to subsidiaries	-	11,273	-	-	-	-	-	-	-	-	-	11,273	-	11,273
Disposal of equity instruments measured at FVTOCI	-	-	-	-	-	-	78,833	-	-	(78,833)	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	720,310	720,310
BALANCE, DECEMBER 31, 2018	11,887,635	233,983	2,592	17,163	2,925,759	375,127	3,513,943	(208,307)	-	(85,136)	(475,606)	18,187,153	18,267,556	36,454,709
Effects of retrospective application	-	-	-	-	-	-	(9,509)	-	-	-	-	(9,509)	(4,490)	(13,999)
BALANCE AT JANUARY 1, 2019, AS RECLASSIFIED	11,887,635	233,983	2,592	17,163	2,925,759	375,127	3,504,434	(208,307)	-	(85,136)	(475,606)	18,177,644	18,263,066	36,440,710
Appropriation of the 2018 earnings														
Legal reserve	-	-	-	-	53,994	-	(53,994)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	55,399	(55,399)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(356,629)	-	-	-	-	(356,629)	-	(356,629)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(705,440)	(705,440)
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	1,281,364	-	-	-	-	1,281,364	1,264,037	2,545,401
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	(3,563)	(393,947)	-	(61,701)	-	(459,211)	(534,274)	(993,485)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	1,277,801	(393,947)	-	(61,701)	-	822,153	729,763	1,551,916
Changes in capital surplus and retained earnings from investments in subsidiaries	-	-	4,699	-	-	-	(923)	-	-	-	-	3,776	632	4,408
Other changes in capital surplus	-	-	-	1,677	-	-	-	-	-	-	-	1,677	-	1,677
Disposals of subsidiaries	-	-	-	-	-	-	-	(617)	-	-	-	(617)	(1,932)	(2,549)
Changes in capital surplus from distributing cash dividends to subsidiaries	-	11,499	-	-	-	-	-	-	-	-	-	11,499	-	11,499
Disposal of equity instruments measured at FVTOCI	-	-	-	-	-	-	31,350	-	-	(31,350)	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	2,231,355	2,231,355
BALANCE, DECEMBER 31, 2019	<u>\$ 11,887,635</u>	<u>\$ 245,482</u>	<u>\$ 7,291</u>	<u>\$ 18,840</u>	<u>\$ 2,979,753</u>	<u>\$ 430,526</u>	<u>\$ 4,346,640</u>	<u>\$ (602,871)</u>	<u>\$ -</u>	<u>\$ (178,187)</u>	<u>\$ (475,606)</u>	<u>\$ 18,659,503</u>	<u>\$ 20,517,444</u>	<u>\$ 39,176,947</u>

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

USI CORPORATION AND SUBSIDIARIES

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

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	\$ 3,361,370	\$ 2,522,427
Income before income tax from discontinued operations	<u>4,175</u>	<u>7,467</u>
Income before income tax	3,365,545	2,529,894
Adjustments for:		
Depreciation expenses	2,156,511	1,976,338
Amortization expenses	80,005	75,961
Expected credit loss (reversed) recognized on accounts receivable	(4,115)	2,236
Net (gain) loss on fair value changes of financial assets and liabilities at FVTPL	(216,827)	11,169
Finance costs	302,569	271,182
Interest income	(153,706)	(171,664)
Dividend income	(162,687)	(186,003)
Share of loss (profit) of joint ventures accounted for using the equity method	12,403	(32,271)
(Gain) loss on disposal of property, plant and equipment	(41,381)	8,520
Gain on disposal of land use rights	-	(262,617)
Gain on disposal of subsidiaries	-	(116,576)
Impairment loss recognized on non-financial assets	113,587	66,283
Inventory write-downs (reversed) recognized	(22,017)	176,999
Amortization of long-term prepayments for leases	-	15,706
Gain on government grants	(155,710)	-
Recognition of refund liabilities	7,535	10,493
Recognition of provisions	-	136,375
Gain on disposal of biological assets	-	(13,735)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets mandatorily classified as at FVTPL	(1,063,892)	223,672
Decrease in notes receivable	381,448	102,194
Decrease (increase) in accounts receivable	1,125,888	(584,389)
Decrease in other receivables	8,317	65,152
Decrease (increase) in inventories	1,805,615	(22,349)
(Increase) decrease in prepayments	(50,075)	41,209
Increase in other current assets	(5,241)	(1,150)
(Decrease) increase in notes payable	(483)	123
Decrease in accounts payable	(634,836)	(572,867)
Increase (decrease) in other payables	13,094	(15,957)
Decrease in refund liabilities	(9,769)	(12,664)
Decrease in net defined benefit liabilities	(192,652)	(757,957)
(Decrease) increase in other current liabilities	<u>(20,431)</u>	<u>4,504</u>
Cash generated from operations	6,638,695	2,967,811
Interest received	147,870	171,205
Interest paid	(286,488)	(268,333)
Income tax paid	<u>(427,584)</u>	<u>(650,579)</u>
Net cash generated from operating activities	<u>6,072,493</u>	<u>2,220,104</u>

(Continued)

USI CORPORATION AND SUBSIDIARIES

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

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for financial assets at FVTOCI	(6,550)	(9,826)
Proceeds from sale of financial assets at FVTOCI	83,470	114,110
Proceeds from capital reduction of financial assets at FVTOCI	52,423	44,648
Payments for financial assets measured at amortized cost	(67,178)	(12,951)
Acquisition of investments accounted for using the equity method	(5,161,581)	(5,117,787)
Net cash inflow on disposal of subsidiaries	-	128,659
Payments for property, plant and equipment	(2,002,986)	(2,077,699)
Proceeds from disposal of property, plant and equipment	78,460	8,330
Increase in refundable deposits	(21,601)	(11,052)
Payments for other intangible assets	(6,503)	(7,170)
Increase in other non-current assets	(180,953)	(8,263)
Increase in long-term prepayments for leases	-	(5,562)
Proceeds from disposal of land use rights	-	291,368
Dividends received	162,687	186,003
Proceeds from disposal of biological assets	-	36,866
Compensations for land ownership certificate	<u>192,994</u>	<u>-</u>
Net cash used in investing activities	<u>(6,877,318)</u>	<u>(6,440,326)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(2,467,874)	2,974,586
Decrease in short-term bills payable	(162,000)	(170,000)
Proceeds from issuance of bonds payable	1,995,630	-
Proceeds from long-term borrowings	24,462,500	20,970,400
Repayments of long-term borrowings	(24,112,154)	(19,530,524)
Increase in guarantee deposits received	813	2,319
Repayments of the principal portion of lease liabilities	(66,023)	-
Decrease in other non-current liabilities	(3,042)	(10,053)
Dividends paid to owners of the Company	(356,629)	(349,636)
Change in non-controlling interests	2,231,355	720,310
Dividends paid to non-controlling interests	<u>(705,440)</u>	<u>(615,849)</u>
Net cash generated from financing activities	<u>817,136</u>	<u>3,991,553</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(208,212)</u>	<u>(121,889)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(195,901)	(350,558)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>8,123,304</u>	<u>8,473,862</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 7,927,403</u>	<u>\$ 8,123,304</u>

(Continued)

Matters for Ratification and Discussion (I):

Proposal 2

Proposed by the Board

To ratify 2019 earnings distribution.

Description : 1. In 2019, the net profit was NT\$1,298,718,858.

After appropriating NT\$129,871,886 as the legal reserve, the distributable net profit of 2019 is NT\$1,168,846,972. By the end of 2019, the accumulated distributable earnings is NT\$3,866,235,454 and will be distributed cash dividend NT\$594,381,750, i.e. NT\$0.5 per share.

The unappropriated earnings after distribution will be NT\$3,271,853,704.

2. Please refer to p. 44, “Profit Distribution Table”, for details.
3. According to this proposal, the profit of 2019 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

2019 Profit Distribution Table

expressed in NTD

Net profit before tax of 2019	1,458,986,605
Less: Income tax	(177,622,508)
Net profit of 2019	1,281,364,097
Add: Measuring the profit of equity instruments by fair value through other comprehensive gains and losses	31,349,981
Less: Decrease in the undistributed earnings under IFRS 16	(9,509,157)
Less: Retained earnings adjusted for investments made under the equity method	(922,813)
Less: Retained earnings adjusted for the defined benefit plan after re-measurement	(3,563,250)
Earnings after tax of 2019	1,298,718,858
Less: Legal reserve	(129,871,886)
Distributable net profit of 2019	1,168,846,972
Add: Beginning unappropriated earnings	3,047,921,304
Less: Special reserve appropriated by law	(350,532,822)
Accumulated distributable earnings at the end of 2019	3,866,235,454
Distributable items: (total issued shares: 1,188,763,500)	
Cash dividend: 0.5/share	594,381,750
Total of distributable items	594,381,750
Unappropriated earnings at the end of 2019 transferred to the next year	3,271,853,704

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

Matters for Ratification and Discussion (I):

Proposal 3

Proposed by the Board

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

Description : 1.The “Parliamentary Rules for Shareholders’ Meetings” is amended in accordance with promotion of regulating related laws and regulations in the company's internal rules to strengthen the spirit of corporate governance by the competent authority.

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

Resolution :

USI Corporation

Parliamentary Rules for Shareholders' Meetings (revised)

Amended on June 12, 2020

Article 1

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

Article 2

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

Article 3

(Convening shareholders meetings and shareholders meeting notices)

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

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

The reasons for convening a shareholders meeting shall be specified in the meeting notice and publi.

Election or dismissal of directors, amendments to the articles of incorporation, reduction

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

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

A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. 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.

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. 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.

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

Article 8

(Documentation of a shareholders meeting by audio or video)

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

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

Article 9

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

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made.

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.

For proposals and amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed to put it to a vote, the chair may announce the discussion closed and call for a vote, and specify the voting time, attending shareholders should complete the voting within the voting time.

Article 11

(Shareholder speech)

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

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

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

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

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

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

Article 12

(Calculation of voting shares and recusal system)

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

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

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

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

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

exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13

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

When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

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

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

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the

amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 (Election)

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

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

Article 15

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

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

Article 16 (Public disclosure)

On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through

solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

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

Article 17

(Maintaining order at the meeting place)

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

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

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

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

Article 18

(Recess and resumption of a shareholders meeting)

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

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

Article 19

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

Matters for Ratification and Discussion (I):

Proposal 4

Proposed by the Board

To approve the amendment to the “Operating Procedure for Making of Endorsements/Guarantees”.

Description : 1. In accordance with related orders of the Financial Supervisory Commission and considering the company's actual guarantee status and future needs, part of the “Operating Procedure for Making of Endorsements/Guarantees” is amended.

2. The amendment to the “Operating Procedure for Making of Endorsements/Guarantees” is shown in the next page.

Resolution :

USI Corporation

The Amendment to the “Operating Procedure for Making of Endorsements/Guarantees”

After amendment	Before amendment	Description
<p>Article 4: Limit of endorsement/guarantee: The maximum limit of endorsements/guarantees provided by <u>this Company for external companies shall not exceed 60% of Company’s net shareholder’s equity as disclosed in the latest financial statements.</u> The maximum limit of endorsements/guarantees provided by this Company for a single company shall not exceed <u>50%</u> of Company’s net shareholders’ equity as disclosed in the latest financial statements</p> <p>The maximum limit of endorsements/guarantees provided by this Company and subsidiaries together <u>for external companies shall not exceed 200% of the Company’s net shareholders’ equity as disclosed in the latest financial statements.</u> The maximum limit of endorsements/guarantees provided by this Company and subsidiaries together for a single company shall not exceed <u>150%</u> of this Company’s net shareholders’ equity as disclosed in the latest financial statements. An explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting. (omitted)</p>	<p>Article 4: Limit of endorsement/guarantee: The aggregate amount of Endorsements and Guarantees made by the Company and the authorized limit on Endorsements and Guarantees made by the Company to any single entity both shall not exceed <u>60%</u> of the Company’s net worth as stated in the Company’s most recent financial statements. The aggregate amount of Endorsements and Guarantees made by the Company and its subsidiaries and the authorized limit on Endorsements and Guarantees made by the Company and its subsidiaries to any single entity both shall not exceed <u>200%</u> of the Company’s net worth as stated in the Company’s most recent financial statements. An explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting. (omitted)</p>	<p>In consideration of the suitable differentiation of the maximum limit of endorsements/guarantees for others and for a single company, ratio is revised with reference to the actual condition of guarantees and in consideration of future needs.</p>
<p>Article 9: Time limit for</p>	<p>Article 9: Time limit for</p>	<p>Text is revised</p>

<p style="text-align: center;">public announcement and contents thereof</p> <p>I. The Company shall enter the balance of endorsements/guarantees made by the Company and its subsidiaries in the last month into the MOPS by tenth (10th) day of each month.</p> <p>II. Where balance of endorsements/guarantees made by the Company and its subsidiaries reaches one of the following limits, the Company shall enter the balance into the MOPS within two (2) days commencing immediately from the date of occurrence:</p> <p>(I) (II) (omitted)</p> <p>(III) The aggregate balance of endorsements/guarantees for a single company of this Company and subsidiaries is over NT\$10 million and the total of endorsements/guarantees, the <u>book value of investment adopting the equality method</u> and lending balance is over 30% the Company's net worth as disclosed in the latest financial statements.</p> <p>(IV) (omitted)</p> <p>“Date of Occurrence” referred to in these Procedures shall mean the date of transaction contract execution, date of payment, date of board resolutions or other dates valid for <u>determining</u> the counterpart and amount of endorsements/guarantees, whichever is earlier.</p> <p>Article 12: Enforcement and amendment The Procedure shall be enforced upon agreement by a majority of the Audit Committee members, and subject to resolution by a</p>	<p style="text-align: center;">public announcement and contents thereof</p> <p>I. The Company shall enter the balance of endorsements/guarantees made by the Company and its subsidiaries in the last month into the MOPS by tenth (10th) day of each month.</p> <p>II. Where balance of endorsements/guarantees made by the Company and its subsidiaries reaches one of the following limits, the Company shall enter the balance into the MOPS within two (2) days commencing immediately from the date of occurrence:</p> <p>(I) (II) (omitted)</p> <p>(III) The balance of endorsements/guarantees by the Company and its subsidiaries to a single entity reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a <u>long-term nature</u> in, and balance of loans to, such entity reaches thirty (30) percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(IV) (omitted)</p> <p>Date of occurrence referred to herein means the contracting date, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.</p> <p>Article 12: Enforcement and amendment The Procedure shall be enforced upon agreement by a majority of the Audit Committee members, and subject to resolution by a</p>	<p>according to Notice Jin-Guan-Zheng-S hen-Zi No. 1080304826 issued by the Financial Supervisory Commission on March 7, 2019.</p> <p>Text is revised according to Notice Jin-Guan-Zheng-S hen-Zi No. 1080304826</p>
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<p>Board of Directors’ meeting and approval by a shareholders’ meeting in advance. 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 to a shareholders’ meeting for discussion. The same shall apply where the Procedure is amended.</p> <p><u>If the agreement of over one-half of all audit committee members as required in the preceding paragraph is not acquired, approval can be made over two thirds of all directors and the resolution of the audit committee shall be recorded in the minutes of the board meeting.</u></p> <p><u>“All Audit Committee Members” and "All Directors" in these Procedures shall be the actual number of persons currently holding those positions.</u></p>	<p>Board of Directors’ meeting and approval by a shareholders’ meeting in advance. 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 to a shareholders’ meeting for discussion. The same shall apply where the Procedure is amended.</p> <p><u>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.</u></p>	<p>issued by the Financial Supervisory Commission on March 7, 2019.</p>
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Matters for Ratification and Discussion (I):

Proposal 5

Proposed by the Board

To approve the amendment to the “Operating Procedure for Loaning of Funds”.

Description : 1. Part of the “Operating Procedure for Loaning of Funds” is amended in accordance with related orders of the Financial Supervisory Commission.
2. The amendment to the “Operating Procedure for Loaning of Funds” is shown in the next page.

Resolution :

USI Corporation

The Amendment to the” Operating Procedure for Loaning of Funds”

After amendment	Before amendment	Description
<p>Article 4: The aggregate amount of loans and the maximum amount permitted to a single borrower</p> <p>The aggregate amount of loans by the Company to others shall be no more than 40% of the net worth of the Company’s most recent financial statements audited, certified or reviewed by the CPA.</p> <p>The limit of loan to each entity is defined as follows subject to the reason of loaning: (I) (II)(omitted)</p> <p>The 40% of the Company’s net worth limit shall not apply to the capital lending <u>between this Company and an overseas company wholly-owned by this Company directly or indirectly and the capital lending to this Company by such overseas companies.</u> However, the total amount of capital lending and the limit for individual borrowers shall not exceed 100% of the Company’s net worth as disclosed in the latest financial statements audited or reviewed by CPAs.</p> <p>The net worth referred to herein means the equity attributable to the owners of the parent company in the balance sheet prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p><u>The responsible person of this Company breaching this provision shall assume the joint responsibility for repayment with the borrower. If damages are caused to this Company, it shall indemnify for such damages.</u></p>	<p>Article 4: The aggregate amount of loans and the maximum amount permitted to a single borrower</p> <p>The aggregate amount of loans by the Company to others shall be no more than 40% of the net worth of the Company’s most recent financial statements audited, certified or reviewed by the CPA.</p> <p>The limit of loan to each entity is defined as follows subject to the reason of loaning: (I) (II)(omitted)</p> <p>The restriction on 40% of the net worth of a foreign company in which the Company holds, directly or indirectly, 100% of the voting shares shall not apply to short-term financing facility between said foreign company and the other foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares. The aggregate amount of loans and individual loan shall be no more than 100% of the net worth of the foreign company’s most recent financial statements audited, certified or reviewed by the CPA.</p> <p>The net worth referred to herein means the equity attributable to the owners of the parent company in the balance sheet prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>	<p>Text is revised according to Notice Jin-Guan-Zheng-Shen-Zi No. 1080304826 issued by the Financial Supervisory Commission on March 7, 2019.</p>

<p>Article 5: Operating Procedure for Loaning of Funds</p> <p>(I) Procedure</p> <p>1.The Company’s loaning of fund or short-term financing facility shall be subject to approval by the Company’s Financial Department, and submitted to a Board of Directors’ meeting for resolution upon approval by the Chairman of Board. Notwithstanding, major loaning of fund shall be approved by a majority of all Audit Committee members and submitted to a Board of Directors’ meeting for a resolution in advance.</p> <p>Capital lending between this Company and subsidiaries or among subsidiaries shall be submitted for a resolution by the board of directors of the <u>lending company</u> and the chairperson may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year to give loans in installments or to make a revolving credit line available for the borrower to draw down.</p> <p>(rest omitted)</p>	<p>Article 5: Operating Procedure for Loaning of Funds</p> <p>(I) Procedure</p> <p>1.The Company’s loaning of fund or short-term financing facility shall be subject to approval by the Company’s Financial Department, and submitted to a Board of Directors’ meeting for resolution upon approval by the Chairman of Board. Notwithstanding, major loaning of fund shall be approved by a majority of all Audit Committee members and submitted to a Board of Directors’ meeting for a resolution in advance.</p> <p>Loaning of funds between the Company and its subsidiaries, or between subsidiaries, shall be submitted for a resolution by a Board of Directors’ meeting pursuant to the preceding paragraph, and the Chairman may be authorized, for a specific borrower, within a certain monetary limit resolved by a Board of Directors’ meeting, and within a period not to exceed one (1) year, to give loans in installments or to make a revolving credit line available for the borrower to draw down.</p> <p>(rest omitted)</p>	<p>Text is revised according to Notice Jin-Guan-Zheng-Sh en-Zi No. 1080304826 issued by the Financial Supervisory Commission on March 7, 2019.</p>
<p>Article 6: Duration of financing facility and calculation of interest</p> <p>The term of each capital lending shall not exceed one year. However, for capital lending <u>between this Company and foreign companies wholly-owned by this Company directly or indirectly or capital lending to this Company by such overseas companies,</u> the term shall not exceed five years. When a debt is mature, the borrower shall first</p>	<p>Article 6: Duration of financing facility and calculation of interest</p> <p>Duration of the funds loaned by the Company shall be no more than one (1) year, provided that it shall be no more than five years in the case of the loaning of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares. Upon maturity of the funds loaned by the Company, the principal must be repaid at first</p>	<p>Text is revised according to Notice Jin-Guan-Zheng-Sh en-Zi No. 1080304826 issued by the Financial Supervisory Commission on March 7, 2019.</p>

<p>repay the principal. Request for renewal of lending shall be reported to the board of directors for approval. (omitted)</p> <p>Article 8: Procedure for public announcement and report (I) (omitted) (II) In addition to the monthly announcement and reporting of the balance of funds loaned by the Company, where the balance of funds loaned by the Company and its subsidiaries reaches one of the following levels, Financial Department (Accounting Department) shall notify Accounting Department, attached with related information, to announce and report such event within two (2) days commencing immediately from the date of occurrence: 1.~3.(omitted) The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to Subparagraph 2 of the preceding paragraph. “Date of Occurrence” referred to in these Procedures shall mean the date of transaction contract execution, date of payment, date of board resolutions, or other dates valid for determining the counterpart and amount of <u>capital lending</u>, whichever is earlier.</p> <p>Article 11: The 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</p>	<p>and renewal of the loan is only applicable upon approval by a Board of Directors’ meeting.</p> <p>Article 8: Procedure for public announcement and report (I) (omitted) (II) In addition to the monthly announcement and reporting of the balance of funds loaned by the Company, where the balance of funds loaned by the Company and its subsidiaries reaches one of the following levels, Financial Department (Accounting Department) shall notify Accounting Department, attached with related information, to announce and report such event within two (2) days commencing immediately from the date of occurrence: 1.~3.(omitted) The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to Subparagraph 2 of the preceding paragraph. Date of occurrence referred to herein means the contracting date, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.</p> <p>Article 11: The 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</p>	<p>Text is revised according to Notice Jin-Guan-Zheng-Sh en-Zi No. 1080304826 issued by the Financial Supervisory Commission on March 7, 2019.</p> <p>Text is revised according to Notice Jin-Guan-Zheng-Sh en-Zi No. 1080304826 issued by the Financial Supervisory</p>
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<p>is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee and also to a shareholders' meeting for discussion.</p> <p><u>If the agreement of over one-half of all audit committee members as required in the preceding paragraph is not acquired, approval can be made over two thirds of all directors and the resolution of the audit committee shall be recorded in the minutes of the board meeting.</u></p> <p><u>"All Audit Committee Members" and "All Directors" in these Procedures shall be the actual number of persons currently holding those positions.</u></p>	<p>is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee and also to a shareholders' meeting for discussion.</p> <p><u>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.</u></p>	<p>Commission on March 7, 2019.</p>
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III.Elections

Proposed by the Board

To elect nine directors.

- Description :
1. The term of all directors of the current board will expire on June 7, 2020, please elect another nine directors (including three independent directors) in accordance with the Articles of Incorporation.
 2. The candidate nomination system shall apply. AGM shall elect directors from the candidate list. Please refer to the table in the next page for the names, education, and experience of candidates.
 3. All new directors will take up their office immediately after the election for a term of three years, i.e. from June 12, 2020 to June 11, 2023.

Results :

USI Corporation

List of Candidates for Directorial Election (including independent directors)

No.	A/C No.	Stake	Name	Citizen ID No.	Major Education/Experience	Major Current Position	Remarks
1	13518	173,776,546	Shing Lee Enterprise (Hong Kong) Limited Ltd. : Yi-Gui Wu	—	College graduated Chairman: USI Corporation 、Asia Polymer Corporation 、China General Plastics Corp. 、Taita Chemical Co., Ltd. 、Acme Electronics Corporation 、USI Optronics Corporation and Swanson Plastics Corporation CTCI Corporation Executive Director Chinese National Federation of Industries Executive Supervisors	Chairman: USI Corporation 、Asia Polymer Corporation 、China General Plastics Corp. 、Taita Chemical Co., Ltd. 、Acme Electronics Corporation 、USI Optronics Corporation 、Swanson Plastics Corporation CTCI Corporation Director Chinese National Federation of Industries Executive Director	Director Candidate
2	205675	101,355,673	Asia Polymer Corporation : Jing-Sho Yu	—	Bachelor of Engineering, Kyushu University (Japan) Director : Shing Lee Enterprise (Hong Kong) Limited 、Union Polymer International Investment Corporation and Forum Pacific Inc	Director : Union Polymer International Investment Corporation	Director Candidate
3	205675		Asia Polymer Corporation : Zhe-Yi Gao	—	Department of Chemical Engineering, National Taiwan University; PhD in Chemical Engineering, Perdue University Chief Scientist, Dow Chemical; Senior Consultant and Expert, Industrial Technology Research Institute (Chairman Office); Senior Advisor, Chi Lin Technology Co., Ltd.	Consultant: USI Group	Director Candidate
4	205671	15,109,901	Taita Chemical Company,	—	Bachelor of Electrical Engineering, National Taiwan University (Taiwan); General Manager at Taiwan VCM	Director: USI Corporation Supervisor: Taiwan VCM Corporation	Director Candidate

No.	A/C No.	Stake	Name	Citizen ID No.	Major Education/Experience	Major Current Position	Remarks
			Limited : Guang-Zhe Huang		Corporation; General Manager at Asia Polymer Corporation; General Manager at USI Corporation		
5	205671		Taita Chemical Company, Limited : Ke-Shun Wang	—	Master of Business Administration, Andrews University, Michigan (U.S.A.) President: China Petrochemical Development Corporation	Chairman: USIG (Shanghai) Co., Ltd. Director : USI Corporation President: USI Corporation 、USIG (Shanghai) Co., Ltd.	Director Candidate
6	13518	173,776,546	Shing Lee Enterprise (Hong Kong) Limited Ltd. : Hong-Ting Wu	—	Boston University Questrom School of Business (B.s.B.A); Shanghai Jiaotong University Antai College of Economics & Management (MBA) Yuanta Securities Investment Consulting Corp.; Taipei, Taiwan : Research Associate - Financial Analyst Aetas Technology Incorporated, Zhenjiang, CHINA : Legal & Financial Manager	GiftFox Technology Co., Ltd., Shanghai, China : Founder & CEO Oak Analytics, Inc., Delaware, USA : Director & Early Investor Bloominous, Inc., Los Angeles, California, USA: Early Investor	Director Candidate
7	—	0	Chong Chen	A10319××××	Masters of Law, National Taiwan University (Taiwan); Visiting Scholar, Goethe University Frankfurt (Germany) Senior Advisor to the President, Office of the President (Taiwan);President of the Executive Yuan, Taiwan (R.O.C.); Vice President of the Executive Yuan, Taiwan (R.O.C.); Chairman of the Financial Supervisory Commission under the Executive Yuan, Taiwan (R.O.C.); Chairman of the Taiwan Stock Exchange; and Chairman of Taiwan	Chair Professor at School of Law and School of Business, Soochow University (Taiwan) Chairman:The Appacus Foundation	Independent Director Candidate

No.	A/C No.	Stake	Name	Citizen ID No.	Major Education/Experience	Major Current Position	Remarks
					Cooperative Bank.		
8	—	0	Tyzz-Jiun Duh	T120363××××	Ph.D Graduate Institute of Forestry, National Taiwan University Director General, Department of Commerce, Ministry of Economic Affairs Director General, Department of Industrial Technology, Ministry of Economic Affairs Director General, Industrial Development Bureau, Ministry of Economic Affairs Minister, Ministry of Economic Affairs Minister, National Development Council Vice Premier, Executive Yuan	Policy Advisor, Taiwan Electrical and Electronic Manufacturers' Association Chief Consultant, Taiwan Transportation Vehicle Manufacturers' Association Independent Director: USI Corporation、 Macronix International Co., Ltd.、CDIBC Capital Group、China Development Financial Holding Corp. Part-time Associate Professor, Department of Business, Soochow University (Taiwan)	Independent Director Candidate
9	—	0	Ying-Jun Hai	D10070××××	Masters of International Management, University of Texas at Dallas G.E. Capital, Country Manager Vice Chairman and Chief Executive Officer, Delta Electronics, Inc.	Chairman: Delta Electronics, Inc. Director: CTCI Corporation Salary and Remuneration Committee: TSMC	Independent Director Candidate

IV.Matters for Discussion (II)

Proposed by the Board

To approve the permission of directors for competitive actions

Description : 1.While some new directors may engage in or operate a business similar to or within the scope of the Company's business, subject to no harm to the interests of the Company, it is proposed to allow such acts in accordance with Article 209 of the Company Act.

2. The competitive actions in which new directors engage are shown in the next page.

3. Please vote.

Resolution :

USI Corporation

Directors' Engagement in Competitive Business Table

On the day of being elected, some directors of this Company engage in the following business items that are within the scope of business of this Company:

Asia Polymer Corporation

China General Terminal & Distribution Company

APC Investment Corporation
Acme Electronics Corporation

Taita Chemical Company, Limited

Acme Electronics Corporation

Yi-Gui Wu (Shing Lee Enterprise (Hong Kong) Limited Ltd.)

A.S. Holdings (UK) Limited	Director	Chinese National Federation of Industries	Executive Director
Acme Components (Malaysia) Sdn. Bhd.	Director	CTCI Corporation	Director
ACME Electronics (BVI) Corporation	Director	USIG (Shanghai) Co., Ltd.	Director
Acme Electronics (Cayman) Corp.	Chairman	Taita Chemical Company, Limited	Chairman
Acme Ferrite Products Sdn. Bhd.	Director	USI (Hong Kong) Company Limited	Director
APC (BVI) Holding Co., Ltd.	Director	USIFE Investment Co., Ltd.	Chairman
CGPC (BVI) Holding Co., Ltd.	Director	USI Management Consulting Corp.	Chairman President
CGPC America Corporation	Director	Taiwan VCM Corporation	Director
Curtana Company Limited	Director	Asia Polymer Corporation	Chairman
Cypress Epoch Limited	Director	APC Investment Corporation	Chairman
Dynamic Ever Investments Ltd.	Director	USI Optronics Corporation	Chairman
Ever Conquest Global Limited	Director	Chong Loong Trading Co. Ltd.	Chairman
Ever Victory Global Limited	Director	USI Education Foundation	Chairman
Forever Young Co., Ltd.	Director	China General Plastics Corp.	Chairman
Forum Pacific Trading Ltd.	Director	CGPC Polymer Corporation	Chairman
Golden Amber Enterprises Ltd.	Director	Acme Electronics Corporation	Chairman
PT. Swanson Plastics Indonesia	Director	ACME Electronics (Kunshan) Co., Ltd.	Director
Swanlake Traders Ltd.	Director	ACME Electronics (Guangzhou) Co., Ltd.	Director
Swanson International Limited	Director	ASK-Swanson (Kunshan) Company Limited	Director
Swanson Plastics (India) Private Limited	Director	Swanson Technologies Corporation	Chairman
Swanson Plastics (Malaysia) Sdn. Bhd.	Director	Swanson Plastics (Tianjin) Co., Ltd.	Director
Swanson Plastics (Singapore) Pte. Ltd.	Director		
Taita (BVI) Holding Co., Ltd.	Director		
USI International Corporation	Director		

Swanson Plastics (Kunshan) Co., Ltd	Director	Taiwan United Venture Capital Corp.	Chairman
Swanson Plastics Corporation	Chairman	Taiwan United Venture Management Corporation	Chairman
Emerald Investment Corporation	Director	INOMA Corporation	Director
KHL Venture Capital Co., Ltd.	Director	Union Polymer International Investment Corporation	Chairman
Fujian Gulei Petrochemical Co., Ltd.	Chairman		President

Jing-Sho Yu (Asia Polymer Corporation)

Shing Lee Enterprise (Hong Kong) Limited Ltd	Director	Forum Pacific Trading Ltd.	Director
Union Polymer International Investment Corporation	Director		

Zhe-Yi Gao (Asia Polymer Corporation)

INOMA Corporation	Director
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Ke-Shun Wang (Taita Chemical Company, Limited)

Cypress Epoch Limited	Director	Chong Loong Trading Co. Ltd.	Director
Dynamic Ever Investments Ltd.	Director		President
Ever Victory Global Limited	Director	USI Education Foundation	Director
Forum Pacific Trading Ltd.	Director	Swanson Technologies Corporation	Director
Swanlake Traders Ltd.	Director	Taiwan United Venture Capital Corp.	Director
USIG (Shanghai) Co., Ltd.	Chairman	INOMA Corporation	Director
	President	USI Trading (Shanghai) Co., Ltd.	Director
USI (Hong Kong) Company Limited	Director	Union Polymer International Investment Corporation	Director
USI Management Consulting Corp.	Director		
China General Plastics Corp.	Director		

Hong-Ting Wu (Shing Lee Enterprise (Hong Kong) Limited Ltd.)

Oak Analytics, Inc.	Director	GiftFox Technology Co., Ltd	CEO
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Chong Chen (Independent Director)

Lien Hwa Industrial Corporation	Director	TransGlobe Life Insurance Inc.	Independent Director
Union Petrochemical Corporation	Director		

Tyzz-Jiun Duh (Independent Director)

CDIB Capital Group	Independent Director	China Development Financial Holding Corp.	Independent Director
Macronix International Co., Ltd.	Independent Director		

Ying-Jun Hai (Independent Director)

Delta Electronics, Inc.	Chairman	Delta Electronics Capital Company	Director
CTCI Corporation	Director	Delta Electronics Power (Dongguan) Co., Ltd.	Director
Delta Electronics (Shanghai) Co., Ltd.	Director		
Cyntec Co., Ltd.	Director		
Delta Networks, Inc.	Director		

V. Extemporaneous Motions

VI. Meeting Adjournment

Appendix 1

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

Amended on June 12, 2019

1. Unless otherwise provided in laws, the Company's shareholders' meetings shall be held in accordance with the Rules.
2. The Company shall prepare an attendance book for shareholders to sign in, or the shareholder present may hand in a sign-in card in lieu of signing on the attendance book. The number of shares in attendance shall be calculated in accordance with those indicated on the sign-in cards, plus the number of shares representing the voting rights exercised in an electronic form. Notwithstanding, the number of shares represented by the shareholders who exercise their voting right in an electronic form and attend the meeting in person shall not be counted repeatedly.
In case a shareholder elects to exercise his/her/its voting power in an electronic form, his/her/its declaration of intention shall be served to the Company two (2) days prior to the shareholders' meeting. Whereas if two (2) or more declarations of the intention are served to the Company, the first declaration received shall prevail, unless an explicit statement to revoke the previous declaration is made in the declaration which comes later. In case a shareholder who has exercised his/her/its voting power in an electronic form intends to attend the shareholders' meeting in person, he/she/it shall, two (2) days prior to the shareholders' meeting and in the same manner previously used in exercising his/her/its voting power, serve a separate declaration to rescind his/her/its previous declaration. In the absence of a timely rescission, the voting right exercised in an electronic form shall prevail.
3. The presence of shareholders in a shareholders' meeting and their voting thereof shall be calculated in accordance with the number of shares.
4. The place for convening the Company's shareholders' meeting shall be the premises of the Company, or any other place convenient for presence of shareholders, and suitable for holding of said meeting. The meeting shall commence no earlier than 9:00AM and no later than 3:00PM on the same day.
5. Where the shareholders' meeting is convened by the Board of Directors, the Chairman of Board shall act as the meeting chairperson. When the

Chairman of the Board is on leave or for any reason is unable to exercise the powers of the chairperson, he/she shall appoint one director to act on behalf of him/her. If the Chairman does not make such a designation, the proxy shall be elected by directors from among themselves.

If a shareholders' meeting is convened by any other person than the Board of Directors, who has the right to convene the meeting, said person shall preside at that meeting.

6. The Company may designate its attorney-at-law, certified public accountant or other relevant persons to attend the shareholders' meeting. Those handling the business of a shareholders' meeting shall wear an identification card or a armband.
7. The Company shall record with an audio or video tape the whole proceedings of the shareholders' meeting, and said tape shall be kept for at least one (1) year.
8. When the meeting is attended by shareholders representing a majority of the issued shares, the chairperson shall immediately convene the meeting, provided, however, if the statutory quota is not met at the scheduled time for the meeting, the chairperson may postpone the meeting. Provided, however, that the postponement of said meeting shall take place for no more than twice, and the total time postponed shall be no more than one (1) hour. If the meeting has been postponed for twice, but the attending shareholders represent one third or more of the total issued shares, a tentative resolution may be adopted in accordance with the Company Act by a majority of shareholders present at the meeting.
Before the close of said meeting if the shareholders present reach the statutory quota, the chairperson may resubmit the tentative resolution for a vote by the shareholders meeting in accordance with the Company Act.
9. If a shareholders' meeting is convened by the Board of Directors, the agenda shall be formulated by the Board of Directors, and the meeting shall be proceeded with in accordance with said agenda. The agenda shall not be changed without a resolution made by the shareholders' meeting. The chairperson shall not adjourn a meeting without resolution adopted by shareholders if the motions (including extraordinary motions) covered in the agenda have not been resolved.
After the close of said meeting, shareholders shall not elect another chairperson to hold another meeting at the same place or at any other place. Provided that where the chairperson declares the adjournment of the meeting in a manner in violation of the Rules, a new chairperson of

the meeting may be elected by a resolution to be adopted by a majority of the voting rights represented by the shareholders attending said meeting to continue the meeting.

For a shareholders' meeting convened by the board of directors, the one to be elected as referred to in the preceding paragraph shall be limited to a director.

10. A shareholder wishing to speak in a shareholders meeting shall first fill out a Speaker's slip, specifying therein the major points of his speech, his shareholder account number and name, and the chairperson shall determine his order of giving a speech.

A shareholder who submits his slip for a speech but does not actually speak shall be considered as not having given a speech. If the contents of his speech shall be different from those specified on the slip, the contents of his speech shall prevail.

When a shareholder is giving a speech, the other shareholders shall not interrupt unless they have obtained the prior consent from the chairperson and said shareholder, and the chairperson shall prevent others from interrupting.

After the present shareholder gives his speech, the chairperson may, in person or appoint related personnel to, respond to the speech.

11. A shareholder shall not speak more than two (2) times for one motion, unless he has obtained the prior consent from the chairperson, and each speech shall not exceed five (5) minutes.

If a shareholder violates the above provisions or his speech exceeds the scope of the motion, the chairperson may prevent him from doing so.

12. A corporate shareholder being entrusted to attend in a shareholders meeting may designate only one (1) representative to represent it in the meeting.

If a corporate shareholder which designates two (2) or more representatives to represent it at the shareholders' meeting, only one of the representatives may speak on any one motion.

13. When the chairperson is of the opinion that a motion has been sufficiently discussed to a degree of putting to a vote, the chairperson may announce the discussion closed and bring the motion to vote.

In the case of an amendment or substitute to a motion, the chairperson shall decide on the order of voting by combining the amendment or substitute with the same motion. If one of the motions has been approved, the other shall be deemed over-ruled and no further vote is required.

14. The monitoring and counting personnel shall be designated by the chairperson, provided, however, that the monitoring personnel shall be a shareholder.
The voting result of a motion shall be calculated based on the votes cast on the site plus the e-votes, and shall be reported on the site and recorded in writing. The ballots for the election cast on the site, together with the e-voting materials, shall be sealed with the signatures/seals of the monitoring personnel and kept by the Company in proper custody. For the e-voting result referred to in the preceding paragraph, an entity which meets Article 44-6 of the Regulations Governing the Administration of Shareholder Services of Public Companies shall be commissioned to certify the statistics of votes prior to the shareholders' meeting.
15. Resolutions at a shareholders' meeting shall, unless otherwise provided for in Company Act or the Company's Articles of Incorporation, be adopted by a majority of eligible votes of the shareholders who exercise their voting rights by casting ballot on the site and in an electronic form. Shareholders may choose to exercise their voting right in an electronic form or by balloting on the site to resolve the motion referred to in the preceding paragraph.
Shareholders who choose to exercise their voting right in an electronic form referred to in the preceding paragraph shall exercise the right on the e-voting platform designated by the Company, according to the Company Act, Securities and Exchange Act and the Regulations Governing the Administration of Shareholder Services of Public Companies.
In case a shareholder has exercised his/her/its voting right in an electronic form, and has also authorized a proxy to attend the shareholders' meeting in his/her/its behalf, then the voting right exercised by the authorized proxy for said shareholder shall prevail.
Unless otherwise provided for by laws or the Articles, each of shares held by each shareholder shall have the right to one (1) vote.
16. During the proceedings of a meeting, the chairperson may consider the schedule and announce for a break.
17. The chairperson may direct disciplinary personnel (or security personnel) to maintain the order of the meeting. For doing so they shall wear an armband bearing the words of "disciplinary personnel".
18. Any matters not covered herein shall be implemented in accordance with the Company Act, the Company's Articles of Incorporation, and other

related laws.

19. The Rules shall be enforced upon approval by a shareholders' meeting.
The same shall apply where the Rules are amended.

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

Appendix 2

Articles of Incorporation of USI Corporation

Section 1. General Provisions

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

Section 2. Capital

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

Section 3. Shareholders' Meeting

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

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

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

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

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

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

Section 4. Directors and Audit Committee

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

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

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

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

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

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

Article 20: Functions of the Board of Directors:

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

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

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

Article 29: (Deleted)

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

Section 5. Personnel

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

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

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

Section 6. Financial Report

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

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

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

Said compensation to employees may be allocated in the form of

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

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

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

Article 35: The Company's total investment in other companies may be exempted from the restriction for no more than 40% of the paid-in capital prescribed by the Company Act.

The Company may make endorsement/guarantee externally due to the Company's business needs or investment needs. The endorsement/guarantee shall be signed by the Chairman on behalf of the Company and comply with the Company's operating procedure for making endorsement/guarantee.

Section 7. Bylaw

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

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

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

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

Appendix 3

Ethical Corporate Management Best Practice Principles of USI Corporation

Amended on November 13, 2019

Article 1: Purpose and Scope of Applicability

- I. Purpose: The Principles are established in order to foster a corporate culture of ethical management and sound development.
- II. Scope: USI Corporation (hereinafter referred to as the “Company”), its subsidiaries, any corporation to which the Company's direct or indirect contribution of funds exceeds fifty (50) percent of the total funds received, and its group enterprises and organizations including other institutions or juridical persons which are substantially controlled by the Company (hereinafter referred to as the “Group enterprises and organizations”).

Article 2: Prohibition of unethical conduct

When engaging in commercial activities, the Company’s directors, managerial officers, employees, and persons having substantial control over the Company (hereinafter referred to as the “substantial controllers”) shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (hereinafter referred to as “unethical conduct”) for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include public servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managerial officers, employees or substantial controllers or other stakeholders. Said public servants include public representatives of each level, public servants of the central and local authorities, and any other persons engaged in government affairs pursuant to laws.

- Article 3: Types of benefit
“Benefits” referred to herein mean any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.
- Article 4: Legal compliance
The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.
- Article 5: Policy
The Company shall abide by the management philosophy of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control mechanism so as to create an operational environment for sustainable development.
- Article 6: Prevention programs
The Company shall, according to the management philosophy and policy referred to in the preceding Article, clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct (“prevention programs”), including operating procedures, guidelines, and training.
When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the Company and its Group enterprises and organization are operating. In the course of developing the prevention programs, the Company is advised to negotiate with its employees, labor union or other representative entities’ members, and stakeholders.
- Article 7: Scope of prevention programs
The company shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness

on a regular basis.

The prevention programs, which shall at least include preventive measures against the following:

- I. Offering and acceptance of bribes.
- II. Illegal political donations.
- III. Improper charitable donations or sponsorship.
- IV. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
- V. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
- VI. Engaging in unfair competitive practices.
- VII. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and service.

Article 8: Commitment and implementation

Directors and General manager of the company shall issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company and Group enterprises and organizations shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the Board of Directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

The declarations, commitments and implementation of the above integrity management policy shall be produced and documented by all responsible units and properly preserved.

Article 9: Commercial activities of ethical management

The Company shall engage in commercial activities in a fair and transparent manner. Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparts and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with another person, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the

trading counterparts are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

Article 10: Prohibition of offering and acceptance of bribes

When conducting business, the Company and our directors, managerial officers, employees, and substantial controllers, shall not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders, including rebate, commission, facilitation payment or any other form. Notwithstanding, benefits that meet the laws and regulations applicable in the territory where the Company is operating shall be excluded.

Article 11: Prohibition of illegal political donations

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and our directors, managerial officers, employees, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operating procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12: Prohibition of improper charitable donations or sponsorship

When making or offering donations and sponsorship, the Company and our directors, managerial officers, employees, and substantial controllers shall comply with relevant laws and regulations and internal operating procedures, and shall not engage in bribery in bribery.

Article 13: Prohibition of offering or acceptance of unreasonable presents, services, hospitality, or other improper benefits.

The Company and our directors, managerial officers, employees, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, services, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 14 Prohibition against infringement of intellectual property rights

The Company and our directors, managerial officers, employees, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use,

disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15 Prohibition of unfair competition

The company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16 Prevention of damage on Stakeholders from Products/Services

In the course of research and development, procurement, manufacture, provision, or sale of products and services, The company and our directors, managerial officers, employees, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the company shall, in principle, recall those products or suspend the services immediately.

Article 17: Organization and liability

The Company's Board of Directors shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies. To achieve sound ethical corporate management, the Company's governance team establishes and supervises the implementation of the ethical corporate management policies and preventive programs according to the following duties. The chief corporate governance officer periodically (at least once a year) reports to the board of directors:

1. Establish regulations to implement the ethical management policy

- in compliance with the requirements of laws and regulations.
2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope.
 3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
 4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
 5. Developing a whistle-blowing system and ensuring its operating effectiveness.
 6. Assisting the board of directors and General manager in assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 18: Legal compliance for implementation of business
The Company and our directors, managerial officers, employees, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

Article 19: Avoidance of conflict of interest by directors and managerial officers
The Company shall adopt policies for preventing conflicts of interest, and shall also offer appropriate means for directors, managerial officers, and employees to voluntarily explain whether their interests would potentially conflict with those of the Company. (For details, please see the Company's Code of Ethical Conduct for Directors and Managerial Personnel.)
The Company's directors shall adhere to high self-disciplinary policy. When a motion at a given board of directors meeting concerns their personal interest, or interest of the juristic person represented by them and is likely to injure the Company's interest, the directors shall state their opinion and answers, but may not participate in discussion of or voting on the motion and shall recuse themselves from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in

improper dealings.

The Company's directors, managerial officers and employees shall not take advantage of their positions in the Company to obtain improper benefits for themselves, their spouses, parents, children, relatives within the second degree of kinship, or any other person.

Article 20: Accounting and internal control

The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems remain effective.

The Company's internal audit officers shall, based on the results of assessment of the risk of involvement in unethical conduct, draw up relevant audit plans and examine accordingly the compliance with the prevention programs.

The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and put down in writing in the form of an audit report to be submitted to the board of directors and Audit Committee.

Article 21: Operating procedure and guidelines

The Company shall establish operating procedures and guidelines in accordance with Article 6 herein to guide directors, managerial officers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should contain the following matters:

- I. Standards for determining offering or acceptance of improper benefits.
- II. Procedures for offering legal political donations.
- III. Procedures and the standard rates for offering charitable donations or sponsorship.
- IV. Rules for avoiding conflicts of interests concerning job duty and how they should be reported and handled.
- V. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
- VI. Regulations and procedures for dealing with suppliers, clients and trading counterparts suspected of unethical conduct.

VII. Handling procedures for violations of these Principles.

VIII. Disciplinary measures against offenders.

IX. Code of Ethical Conduct for Directors and Managerial Personnel.

Article 22: Training and performance appraisal

The Company shall periodically organize training and awareness programs for directors, managerial officers, employees, and substantial controllers and invite the Company's commercial trading counterparts so they understand the Company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 23: Complaint and discipline

The Company shall adopt an adequate whistle-blowing channel (e.g. HR Division, Audit Committee, or mailbox for employees, et al.), and keep the complainant's identity and contents of complaint in confidence.

The Company shall establish a disciplinary and complaining system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the Company's internal website of the job title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 24: Information disclosure

The Company shall disclose the status of implementation of the Company's Ethical Corporate Management Best Practice Principles on the Company's website and in the Company's annual report and prospectus.

Article 25: Review and modification of Ethical Corporate Management Best Practice Principles

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage its directors, managerial officers, and employees to make suggestions, based on which the Ethical Corporate Management Best Practice Principles adopted by the

Company will be reviewed and improved with a view to achieving better implementation of the Company's ethical management.

Article 26: Implement

These Principles and any amendments hereto, shall be implemented after adoption by resolution of the Board of Directors.

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

Appendix 4

USI Corporation Operating Procedures for Ethical Management and Guidelines for Conduct

Amended on November 13, 2019

Article 1. (Purpose and Scope of Applicability)

The Company engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct. Accordingly, these Procedures and Guidelines are adopted pursuant to the Company's Ethical Corporate Management Best Practice Principles with a view to providing all personnel of the Company with clear directions for the performance of their duties. These Procedures and Guidelines are applicable to the Company and its subsidiaries, any corporation to which the Company's direct or indirect contribution of funds exceeds fifty (50) percent of the total funds received, and its group enterprises and organizations including other institutions or juridical persons which are substantially controlled by the Company (hereinafter referred to as the "Group enterprises and organizations").

Article 2. (Applicable Subjects)

The term "personnel of the Company" refers to any director, managerial officer, employee, and person having substantial control of the Company and its Group enterprises and organizations (hereinafter referred to as the "substantial controllers").

Any provision, promise, request, or acceptance of any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name by any personnel of the Company through a third party will be presumed to be an act by the personnel of the Company.

Article 3. (Unethical Conduct)

The term "unethical conduct" means that any personnel of the Company, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics,

unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include public servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managerial officers, employees or substantial controllers or other stakeholders. Said public servants include public representatives of each level, public servants of the central and local authorities, and any other persons engaged in government affairs pursuant to laws.

Article 4 (Types of Benefits)

“Benefits” referred to herein mean any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 5. (Dedicated Unit)

This Company appoints the governance team (the “Dedicated Unit”) under the board of directors to establish and supervise the implementation of the ethical corporate management policies and preventive programs. The chief corporate governance officer shall be in charge of the following matters and report to the board of directors periodically(at least once a year):

- I. Establish regulations to implement the ethical management policy according to the laws and regulations.
- II. Periodically analyzes and assess the risk of unethical behavior within the scope of business.
- III. Planning the internal organization, structure and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical behavior.
- IV. Promoting and coordinating awareness and educational activities with respect to ethics policy.
- V. Developing a whistleblower system and ensuring its operating effectiveness.
- VI. Assisting the board of directors and General manager in assessing whether the preventive measures for ethical management are effectively implemented, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 6. (Prohibition of Offering or Acceptance of Improper Benefits)

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any money, gratuity, service, preferential treatment, entertainment, dining and any other benefits, the conduct of the given personnel of the Company shall comply with the provisions of the Company's Ethical Corporate Management Best Practice Principles and these Procedures and Guidelines, and the relevant procedures shall have been carried out:

- I. To comply with the local laws and regulations prevailing within the jurisdiction where the Company operates.
- II. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
- III. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
- IV. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
- V. Attendance at folk festivals that are open to and invite the attendance of the general public.
- VI. Rewards, emergency assistance, condolence payments, or honorariums from the management.
- VII. Property received from relatives or friends in regular contact for engagement, marriage, maternity, relocation, assumption of a position, promotion, transfer, retirement, resignation or severance, and injury, illness, or death of the recipient or the recipient's spouse or lineal relative, if any.
- VIII. Other conduct that complies with the rules of the Company.

Article 7. (Procedures for Handling Acceptance of Improper Benefits)

Except under any of the circumstances set forth in the preceding article, when any personnel of the Company are provided with or are promised, either directly or indirectly, any money, gratuity, service, preferential treatment, entertainment, dining and any other benefits by a third party, the matter shall be handled in accordance with the following procedures:

- I. If there is no relationship of interest between the party providing or

offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within three (3) days from the acceptance of the benefit, and the dedicated unit shall be notified if necessary.

- II. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the dedicated unit. When the benefit cannot be returned, then within three (3) days from the acceptance of the benefit, the personnel shall refer the matter to the dedicated unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

- I. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
- II. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
- III. Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The Company's dedicated unit shall make a proposal, based on the nature and value of the benefit under Paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported and approved by the president.

Article 8. (Prohibition of and Handling Procedure for Facilitating Payments)

The Company shall neither provide nor promise any facilitating payment.

If any personnel of the Company provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the Company's dedicated unit.

Upon receipt of the report under the preceding paragraph, the dedicated unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the dedicated unit shall also immediately report to the

relevant judicial agency.

Article 9. (Procedures for Offering Legal Political Donations)

Political contributions by the Company shall be made in accordance with the following provisions, reported to the Chairman of Board, and a notification given to the dedicated unit, and may be made only after being reported to and approved by a directors' meeting:

- I. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a contribution may be made.
- II. A written record of the decision-making process shall be kept.
- III. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
- IV. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of the Company with the related government agencies shall be avoided.

Article 10. (Procedures for Offering Charitable Donations or Sponsorship)

The charitable donations or sponsorship made by the Company shall comply with the following requirements and the "Parliamentary Rules for Directors' Meetings". The donations to a stakeholder shall be subject to approval by a directors' meeting. The major donation to a non-stakeholder means any individual donation, or cumulative donations within the preceding year to a single recipient at an amount of NT\$5 million or more, which may be made upon approval by a directors' meeting.

- I. To comply with the local laws and regulations prevailing within the jurisdiction where the Company operates.
- II. A written record of the decision-making process shall be kept.
- III. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
- IV. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterpart of the Company's commercial dealings or a party with which any personnel of the Company has a relationship of interest.

V. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

The term “with the preceding year” in the preceding paragraph means a period of one (1) year calculated retroactively from the date on which the current directors’ meeting is convened. Amounts already submitted to and passed by a resolution of the Board are exempted from inclusion in the calculation.

Article 11 (Avoidance of Conflict of Interest)

The Company’s directors shall adhere to high self-disciplinary policy. When a motion at a given board of directors meeting concerns their personal interest, or interest of the juristic person represented by them and is likely to injure the Company’s interest, the directors shall state their opinion and answers, but may not participate in discussion of or voting on the motion and shall recuse themselves from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

If in the course of conducting company business, any personnel of the Company discover that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouses, parents, children, or relatives within the second degree of kinship with them are likely to obtain improper benefits, the personnel shall report the relevant matters to both their immediate supervisors and the Company’s dedicated unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of the Company may use the Company’s resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by their involvement in the commercial activities other than those of the Company.

Article 12. (Unit Dedicated to Confidentiality and Its Responsibilities)

The Company has set up a special unit dedicated to formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of the Company’s trade secrets and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

Article 13. (Prohibition Against Disclosure of Trade Secrets)

All personnel of the Company shall faithfully follow the operational

directions pertaining to the Company's trade secrets and may not disclose to any other party any trade secret of the Company of which they have learned, nor may they inquire about or collect any trade secrets of the Company unrelated to their individual duties.

Article 14. (Prohibition Against Insider Trading)

All of the Company's personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. The personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.

Article 15. (Non-Disclosure Agreement)

Any organization or person outside of the Company that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the Company shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the Company acquired as a result, and that they may not use such information without the prior consent of the Company.

Article 16. (Announcement of Policy of Ethical Management to Outside Parties)

The Company shall disclose its policy of ethical management in its internal rules, annual reports, on the Company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its philosophy and regulations with respect to ethical management.

Article 17. (Ethical Management Evaluation Prior to Development of Commercial Relationships)

Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterpart in commercial dealings, the Company shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.

When the Company carries out the evaluation under the preceding paragraph, it may adopt appropriate audit procedures for a review of the counterpart with which it will have commercial dealings with respect to the following matters, in order to gain a comprehensive knowledge of its ethical management:

- I. The enterprise's nationality, location of business operations, organizational structure, and management policy, and place where it will make payment.
- II. Whether the enterprise has adopted an ethical management policy, and the status of its implementation.
- III. Whether enterprise's business operations are located in a country with a high risk of corruption.
- IV. Whether the business operated by the enterprise is in an industry with a high risk of bribery.
- V. The long-term business condition and degree of goodwill of the enterprise.
- VI. Consultation with the enterprise's business partners on their opinion of the enterprise.
- VII. Whether the enterprise has a record of involvement in unethical conduct such as bribery or illegal political contributions.

Article 18. (Statement of Ethical Management Policy to Counterparts in Commercial Dealings)

Any personnel of the Company, when engaging in commercial activities, shall make a statement to the trading counterpart about the Company's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name, including rebate, commission or facilitating payment, or offer or accept improper benefit in any other manners.

Article 19. (Avoidance of Commercial Dealings with Unethical Operators)

All personnel of the Company shall avoid business transactions with an agent, supplier, customer, or other counterpart in commercial interactions that is involved in unethical conduct. When the counterpart or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterpart and blacklist it for any further business interaction in order to effectively implement the Company's ethical management policy.

Article 20. (Stipulation of Terms of Ethical Management in Contracts)

Before entering into a contract with another party, the Company shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of the Company part of the terms and conditions of the contract, stipulating at the least the following matters:

- I. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. Otherwise, the other party may claim the liquidated damages agreed in the contract against the breaching party, and may also deduct the full amount of the damages from the contract price payable, in addition to the loss suffered by it against the breaching party, if any.
- II. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
- III. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 21. (Handling of Unethical Conduct by Personnel of the Company)

If the Company discovers, or receives any complaint reporting, that another party has engaged in unethical conduct, the Company shall verify the truth immediately. If the unethical conduct is proven to violate related laws and regulations or the Company's ethical management policies and requirements, the Company shall ask the violator to cease the conduct immediately and render appropriate measures, and claim damages through legal proceedings, if necessary, to maintain the Company's goodwill and interest.

With respect to an unethical conduct already committed, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective

measures to prevent recurrence.

The Company's dedicated unit shall submit to the Board of Directors a report on the unethical conduct, actions taken, and subsequent reviews and corrective measures.

Article 22. (Actions upon Event of Unethical Conduct by Others Towards the Company)

If any personnel of the Company discovers that another party has engaged in unethical conduct towards the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecution authorities. Where a public service agency or public official is involved, the Company shall additionally notify the governmental anti-corruption agency.

Article 23. (Establishment of a System for Rewards, Penalties, and Complaints, and Related Disciplinary Measures)

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish clear and effective reward & discipline and complaining systems.

If any personnel of the Company seriously violates ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company. The Company shall make immediate disclosure on the Company's internal website of the job title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 24. (Implement)

These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the Board of Directors.

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

Appendix 5

USI Corporation Operating Procedure for Making of Endorsements/Guarantees (before amendment)

Amended on June 6, 2014

Article 1: Purpose

The Company shall comply with the Procedure when making endorsements/guarantees for others. Any matters not covered herein shall be implemented in accordance with related laws and regulations.

Article 2: Scope of applicability

The term “endorsements/guarantees” as used herein refers to the following:

- I. Financing endorsements/guarantees:
 - (I) Bill discount financing.
 - (II) Endorsement or guarantee made to meet the financing needs of another company.
 - (III) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.
- II. Customs duty endorsement/guarantee: An endorsement or guarantee for the Company itself or another company with respect to customs duty matters.
- III. Other endorsements/guarantees: Endorsements or guarantees beyond the scope of the above two subparagraphs.

Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with the Procedure.

Article 3: Subject of endorsement/guarantee:

- I. A company with which the Company does business.
- II. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- III. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- IV. the jointly invested company for which all capital contributing

shareholders make endorsements/ guarantees in proportion to their shareholding percentages; capital contribution referred to herein shall mean capital contribution directly by the Company, or through a company in which the Company holds 100% of the voting shares.

- V. Subsidiaries in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other.

“Subsidiary” as referred to herein shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 4: Limit of endorsement/guarantee:

The aggregate amount of Endorsements and Guarantees made by the Company and the authorized limit on Endorsements and Guarantees made by the Company to any single entity both shall not exceed 60% of the Company’s net worth as stated in the Company’s most recent financial statements.

The aggregate amount of Endorsements and Guarantees made by the Company and its subsidiaries and the authorized limit on Endorsements and Guarantees made by the Company and its subsidiaries to any single entity both shall not exceed 200% of the Company’s net worth as stated in the Company’s most recent financial statements. An explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting. The amount of Endorsements and Guarantees made among subsidiaries in which the Company holds, directly or indirectly, 90% or more of the voting shares shall not exceed 10% of the Company’s net worth as stated in the Company’s most recent financial statements. Notwithstanding, this shall not apply to the endorsements and guarantees made among subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares. Where an endorsement and guarantee is made due to needs arising from business dealings, in addition to said requirements about authorized limit, the individual endorsement and guarantee made therefor shall be no more than the transaction value between both parties for the most recent year.

The net worth referred to herein means the equity attributable to the owners of the parent company in the balance sheet prepared in

accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 5: Decision-making and level of authority

The authorized limit on endorsements/guarantees to a single entity shall be subject to review and approval by the Chairman of Board, and then submitted to the Board of Directors for a resolution.

Notwithstanding, substantial endorsements/guarantees shall be approved by a majority of all Audit Committee members and submitted to the Board of Directors for a resolution in advance. The Chairman is authorized to make decisions within the specific aggregate limit during adjournment of Board of Directors' meeting, and then have it ratified by the most recent Board of Directors' meeting. Notwithstanding, subsidiaries in which the Company holds, directly or indirectly, 90% or more of the voting shares may not make endorsements/guarantees until the same is reported to and resolved by a Board of Directors' meeting of the Company.

Notwithstanding, this shall not apply to the endorsements and guarantees made among subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares.

Article 6: Procedure for Making of Endorsements/Guarantees

- I. When applying for the authorized limit of endorsement/guarantee, the endorsed/guaranteed enterprise shall provide its basic information and financial information, and submit an application to the Company's Financial Department for the endorsement/guarantee. The Financial Department shall thoroughly evaluate the related information, and conduct credit investigation each year during the period when the endorsement/guarantee persists. The scope of evaluation covers the necessity and reasonableness of endorsement/guarantee, whether the amount of an endorsement/guarantee is commensurate to the total amount of trading between the two (2) companies when the endorsement/guarantee is made due to needs arising from business dealings, the impact on the Company's operational risk, financial condition and shareholders' equity, and whether collateral must be obtained and appraisal of the value thereof.
- II. The Company's Financial Department shall compile the related information referred to in the preceding paragraph and

submit the same together with the evaluation result to the Chairman of Board for review and approval, and then have the same submitted to a Board of Directors' meeting for a resolution, or have the Chairman of Board make decisions with authorization, before making the endorsement/guarantee.

- III. Financial Department shall prepare a memorandum book for the endorsements/guarantees made by it and truthfully record the following information: subject of the endorsement/guarantee, amount, date of approval by the Board of Directors' meeting or decision made by the Chairman of Board, date of endorsement/guarantee, issues to be evaluated carefully pursuant to the Procedure, contents of collateral and value thereof upon evaluation, conditions for and date of termination of the endorsement/guarantee, and amount and date of liability of guarantee.
- IV. Upon discharge from debt, the endorsed/guaranteed enterprise shall notify the relevant information to the Company's Financial Department to relieve the Company from the liability of guarantee and enable the Company to record the discharge in the memorandum book for the endorsements/guarantees.
- V. The Company's Financial Department shall evaluate and state the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures and issuance of adequate audit report.

Article 7: Procedure for usage and custody of corporate chop
The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person approved by the Board of Directors. The same shall apply if the chop is changed. The chop may be used to seal or issue negotiable instruments only in accordance with the operating procedures prescribed by the Company. When making a guarantee for a foreign company, the Company shall have the Guarantee Agreement signed by a person authorized by the Board of Directors.

Article 8: Notes to Making of Endorsements/Guarantees

The Company's internal auditors shall audit the Operating Procedure for Making of Endorsements/Guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.

Where as a result of changes of condition the endorsed/guaranteed company no longer meets the requirements herein, or the amount of endorsement/guarantee exceeds the limit, the audit unit shall urge Financial Department to adopt corrective action plans against the amount of endorsement/guarantee or that exceeding the limit and submit the plans to the Audit Committee and reported to a Board of Directors' meeting, and shall complete the corrective action according to the time frame set out in the plan.

Where the Company needs to exceed the limits set out herein to satisfy its business requirements, and where the conditions set out herein are complied with, it shall obtain approval from a majority of all Audit Committee members, and approval from a Board of Directors' meeting and a majority of the whole directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the Procedure accordingly and submit the same to the shareholders' meeting for ratification thereafter. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit. Where the Company has assigned the position of independent director, during the discussion by the Board of Directors referred to in the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where the endorsed/guaranteed company is a subsidiary whose net worth in the most recent financial statement is lower than half of its paid-in capital, Financial Department shall obtain the annual financial statements of the endorsed/guaranteed company and conduct the risk evaluation report on necessity and reasonableness, and then submit the statements and report to the Chairman of Board for approval. In the case of a subsidiary with shares having no par

value or a par value other than NT\$10, the paid-in capital shall refer to the sum of the share capital plus paid-in capital in excess of par.

Article 9: Time limit for public announcement and contents thereof

- I. The Company shall enter the balance of endorsements/guarantees made by the Company and its subsidiaries in the last month into the MOPS by tenth (10th) day of each month.
- II. Where balance of endorsements/guarantees made by the Company and its subsidiaries reaches one of the following limits, the Company shall enter the balance into the MOPS within two (2) days commencing immediately from the date of occurrence:
 - (I) The balance of endorsements/guarantees made by the Company and its subsidiaries reaches fifty (50) percent or more of the Company's net worth as stated in its latest financial statement.
 - (II) The balance of endorsements/guarantees made by the Company and its subsidiaries to a single entity reaches twenty (20) percent or more of the Company's net worth as stated in its latest financial statement.
 - (III) The balance of endorsements/guarantees by the Company and its subsidiaries to a single entity reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such entity reaches thirty (30) percent or more of the Company's net worth as stated in its latest financial statement.
 - (IV) The amount of new endorsements/guarantees made by the Company and its subsidiaries reaches NT\$30 million or more, and reaches five (5) percent or more of the Company's net worth as stated in its latest financial statement.

Date of occurrence referred to herein means the contracting date, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

- III. The Company shall report to the MOPS on behalf of any

subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to the preceding paragraph. The proportion of the balance of endorsements/guarantees made by subsidiaries referred to in the preceding paragraph in net worth shall refer to the proportion of the same in the Company's net worth.

Article 10: Procedure for Control over Endorsements/Guarantees Made by Subsidiaries

- I. Where any of the Company's subsidiaries wish to make endorsements/guarantees for others, the Company shall order the subsidiary to establish its own operating procedure for making of endorsements/guarantees and comply with the same, provided that the net worth shall be calculated based on the subsidiary's net worth.
- II. The subsidiary shall prepare the statement of endorsements/guarantees made for others in last month by 5th day of each month, and submit the same to the Company for review.
- III. The internal auditors of the subsidiary which is a public company shall audit its operating procedure for making of endorsements/guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Company's audit unit in writing of any material violation found to enable the Company's audit unit to submit the same to Audit Committee.
- IV. When conducting an audit on a subsidiary pursuant to the annual audit plan, the Company's internal auditors shall also verify the subsidiary's operating procedure for making of endorsements/guarantees and the implementation thereof. Where any deficiencies are found, the internal auditors shall follow up the improvement thereof continuously, and prepare the follow-up report and submit the same to the Board of Directors.

Article 11: Penalty

Where the Company's managerial staff and relevant personnel violate the Procedure, the staff and personnel 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 12: Enforcement and amendment

The 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 in advance. 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 to a shareholders' meeting for discussion. The same shall apply where the Procedure is amended.

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.

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

Appendix 6

USI Corporation Operating Procedure for Loaning of Funds (before amendment)

Amended on June 8, 2017

- Article 1: The Company shall comply with the Procedure when loaning funds to others.
- Article 2: Borrower
The Company's loaning of funds shall comply with the following requirements: The entities to which the Company may loan funds (hereinafter referred to as the "borrowers") are limited to:
- (I) A company or firm with which the Company does business;
 - (II) A company or firm requiring short-term financing facility;
The term "short-term" as used herein means one (1) year, or one (1) operating cycle (whichever is longer).
- "Subsidiary" as referred to herein shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- Article 3: Necessity of and reasonableness of loaning funds to others
Where funds are loaned for reasons of business dealings between the Company and another company or firm, Paragraph 2 of Article 4 herein shall apply. Where funds are loaned for reasons of short-term financing facility, only the following circumstances may apply:
- (I) When the Company's affiliated company needs short-term financing facility to meet business requirements;
 - (II) When another company or firm needs short-term financing facility to purchase materials or seek revolving fund;
- Article 4: The aggregate amount of loans and the maximum amount permitted to a single borrower
The aggregate amount of loans by the Company to others shall be no more than 40% of the net worth of the Company's most recent financial statements audited, certified or reviewed by the CPA. The limit of loan to each entity is defined as follows subject to the reason of loaning:
- (I) For the borrower who does business with the Company, the aggregate amount of loans by the Company shall be no more

than 40% of the net worth of the Company's most recent financial statements audited, certified or reviewed by the CPA. The individual loan shall be no more than the Company's purchase from or sale to it for the most recent year or until the loan is made, whichever is higher.

- (II) For the borrower who needs the short-term financing facility, the aggregate amount of loans and individual loan by the Company shall be no more than 40% of the net worth of the Company's most recent financial statements audited, certified or reviewed by the CPA.

The restriction on 40% of the net worth of a foreign company in which the Company holds, directly or indirectly, 100% of the voting shares shall not apply to short-term financing facility between said foreign company and the other foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares.

The aggregate amount of loans and individual loan shall be no more than 100% of the net worth of the foreign company's most recent financial statements audited, certified or reviewed by the CPA.

The net worth referred to herein means the equity attributable to the owners of the parent company in the balance sheet prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 5: Operating Procedure for Loaning of Funds

(I) Procedure

1. The Company's loaning of fund or short-term financing facility shall be subject to approval by the Company's Financial Department, and submitted to a Board of Directors' meeting for resolution upon approval by the Chairman of Board. Notwithstanding, major loaning of fund shall be approved by a majority of all Audit Committee members and submitted to a Board of Directors' meeting for a resolution in advance. Loaning of funds between the Company and its subsidiaries, or between subsidiaries, shall be submitted for a resolution by a Board of Directors' meeting pursuant to the preceding paragraph, and the Chairman may be authorized, for a specific borrower, within a certain monetary limit resolved by a Board of Directors'

meeting, and within a period not to exceed one (1) year, to give loans in installments or to make a revolving credit line available for the borrower to draw down. The “certain monetary limit” mentioned in the preceding paragraph shall be in compliance with Paragraph 3 of Article 4 herein. Meanwhile, the authorized limit on loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth in the Company’s or the subsidiary’s most recent financial statements. Notwithstanding, where the accounts receivable from stakeholders and other accounts receivable expiring the normal credit period for a specific time limit are held as loaning of fund (hereinafter referred to as the “loaning of fund equivalent”) and thereby it is impossible to report them to a Board of Directors’ meeting for resolution in advance, the same may be ratified at the latest Board of Directors’ meeting. Where the Company has assigned the position of independent director, during the discussion by a Board of Directors’ meeting for loaning of fund or short-term financing facility, the Company 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.

2. The Company’s Financial Department shall prepare a memorandum book for the loaning of fund.

Notwithstanding, the Accounting Department shall prepare a memorandum book for the loaning of fund equivalent, if any, separately. Upon resolution of the loaning of fund by a Board of Directors’ meeting the Company shall record the borrower, amount, date of approval by the Board of Directors’ meeting, lending/borrowing date, and matters to be carefully evaluated as required into the memorandum book truthfully.

3. The internal auditors shall audit the Operating Procedure

for Loaning of Funds and the implementation thereof quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.

4. Financial Department and Accounting Department shall prepare the relevant statements of the loaning of fund and equivalent thereof incurred and canceled per month to help control, follow up and process the public announcement and reporting, and shall evaluate and provide adequate allowance for bad debt quarterly, and disclose the information about loaning of fund in the financial statements and provide the CPA with relevant information.
5. Where as a result of changes of condition the borrower no longer meets the requirements herein, or the balance exceeds the limit, Financial Department shall adopt corrective action plans and submit the plans to the Audit Committee, and shall complete the corrective action according to the time frame set out in the plan.

(II) Procedure for examination

1. When processing the loaning of funds, the Company shall have the company or firm which applies for the loaning of funds check the related financial information and state the purpose of fund and then file the application in writing. Notwithstanding, this shall not apply to the loaning of fund equivalent.
2. Upon receipt of the application, the Company's Financial Department shall investigate and evaluate the necessity and reasonableness of loaning funds to others, whether the borrower is doing business with the Company directly (indirectly), the borrower's financial position, solvency and credit, profitability and purpose of loan, and produce and submit the relevant report to the Board of Directors after taking into consideration the operation risk caused by the aggregate amount of fund loaned by the Company to the Company, the Company's financial position and shareholders' equity.
3. The Company shall request the promissory note bearing

the same amount to secure the fund loaned by the Company or short-term financial facility given by the Company, and demand that the borrower should pledge personal property or real property, if necessary, and evaluate whether the value of collateral is equivalent to the balance of loaned fund quarterly and add the collateral, if necessary. Notwithstanding, this shall not apply to the loaning of fund equivalent.

For the security for obligation referred to in the preceding paragraph, where the debtor asks any individual or company with considerable financial position and credit to secure the loan in lieu of collateral, the Board of Directors shall handle it according to the credit investigation report submitted by Financial Department. When the loan is secured by any company, please note whether the company's articles of incorporation provided any clauses about making guarantee.

Article 6: Duration of financing facility and calculation of interest

Duration of the funds loaned by the Company shall be no more than one (1) year, provided that it shall be no more than five years in the case of the loaning of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares. Upon maturity of the funds loaned by the Company, the principal must be repaid at first and renewal of the loan is only applicable upon approval by a Board of Directors' meeting.

The loan interest shall be no less than the average interest rate accruing on the short-term loan offered by financial institutes. In the case of any special circumstance, the interest rate may be adjusted upon approval given by a Board of Directors' meeting.

Article 7: Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights

After allocating the loan, Financial Department shall keep noticing the borrower's and guarantor's financial, business and related credit status, and any changes in the value of collateral, and report any material change to the President, CFO and related unit, and take appropriate measures to respond to the situation.

Where the borrower wishes to repay the loan when due or prior to expiration of the loan, he/she shall calculate the payable interest at first and then repay the principle plus the interest. Then, the

promissory note may be returned to the borrower, or the mortgage/pledge may be canceled.

Article 8: Procedure for public announcement and report

(I) Financial Department (Accounting Department) shall submit the information about the balance of loan made by the Company and its subsidiaries in the previous month to Accounting Department by the tenth (10th) day of each month, and carry out the public announcement and reporting of the same and the turnover.

The term “announcement and reporting” as used herein means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).

(II) In addition to the monthly announcement and reporting of the balance of funds loaned by the Company, where the balance of funds loaned by the Company and its subsidiaries reaches one of the following levels, Financial Department (Accounting Department) shall notify Accounting Department, attached with related information, to announce and report such event within two (2) days commencing immediately from the date of occurrence:

1. The balance of fund loaned by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
2. The balance of fund loaned by the Company and its subsidiaries to a single entity reaches ten (10) percent or more of the Company's net worth as stated in its latest financial statement.
3. The amount of new fund loaned by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to Subparagraph 2 of the preceding paragraph.

Date of occurrence referred to herein means the contracting date, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

Article 9: Procedure for Loaning of Funds by Subsidiaries

- (I) Where a subsidiary of the Company intends to loan funds to others, the Company shall instruct it to formulate its own operating procedure for loaning of funds to others, and comply with the “internal control system” and “operating procedure for loaning of funds to others” established by the Company and it, respectively. Meanwhile, the subsidiary shall submit to the Company the written report on the balance, borrower and duration of the fund loaned in the previous month by 5th day of each month.
- (II) Where the balance of funds loaned by any subsidiary of the Company that is not a public company of the Republic of China meets the standards for announcement and reporting referred to in Paragraph 2 of Article 8 herein, it shall be notified to the Company on the date of occurrence, and the Company shall carry out the announcement and reporting on the designated website as required.
- (III) When conducting an audit on a subsidiary pursuant to the annual audit plan, the Company’s internal auditors shall also verify the subsidiary’s operating procedure for loaning of funds to others and the implementation thereof. Where any deficiencies are found, the internal auditors shall follow up the improvement thereof continuously, and prepare the follow-up report and submit the same to the Board of Directors.

Article 10: Penalty

Where the Company’s managerial officers and employees violate the Operating Procedure, they 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 11: The 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 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.

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

Appendix 7

USI Corporation Rules for Election of Directors

Amended on June 12, 2019

- Article 1: The Company's directors shall be elected in accordance with the Rules.
- Article 2: The election of the Company's directors shall adopt an open cumulative voting system. In the process of electing directors at a shareholders' meeting, attendance card numbers printed on the ballots may replace the names of voting shareholder. Election of the Company's independent directors and non-independent directors shall adopt the candidate nomination system referred to in Article 192-1 of the Company Act. The Board of Directors shall prepare ballots to be cast at the shareholders' meeting. The ballots shall be affixed with the Company's official seal, as well as the voters' attendance card number and number of vote. Where election of the Company's directors adopts the e-voting system pursuant to laws, shareholders may choose to exercise their voting right in electronic form or by balloting on the site. Shareholders who choose to exercise their voting right in an electronic form shall exercise the right on the e-voting platform designated by the Company.
- Article 3: Unless otherwise provided in related laws, the Company's directors shall be elected by the shareholders' meeting from the name list of candidates. Quota of the Company's directors shall be based on the quota defined in the Company's Articles of Incorporation and passed by the Board of Directors. The Company's independent and non-independent directors shall be elected at the same time, but in separately calculated numbers. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elected. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

The votes referred to in Paragraph 1 shall be calculated based on the votes cast at the shareholders' meeting plus e-votes.

For the e-voting result referred to in the preceding paragraph, an entity which meets Article 44-6 of the Regulations Governing the Administration of Shareholder Services of Public Companies shall be commissioned to verify the shareholders' identity and votes and certify the statistics of votes prior to the shareholders' meeting.

Article 4: The chairperson shall designate several monitoring and counting personnel prior to the election to perform their duty.

Article 5: The task of the monitoring personnel is as follows:

- (I) The ballot box inspected by the monitoring personnel openly before the voting.
- (II) Picket the order and monitoring whether there is any negligence or illegality in voting.
- (III) After the vote is over, check the number of ballots.
- (IV) Check the ballots for invalid ballots, and hand over the number of valid ballots.
- (V) Monitoring the number of voting rights for each candidate that the counting personnel record.

Article 6: The voters shall complete the relevant information based on the name list of candidates identified in the shareholders' meeting handbook. Each ballot may enter only one candidate. If /When the candidate is a shareholder, please enter his/her account number and account name; otherwise, please enter the candidate's name and ID No. When the candidate is a governmental organization or juristic person, the name of the governmental organization or juristic person shall be entered or both the name of the governmental organization or juristic person and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered. Shareholders may enter their seals to replace completion of the information about candidates referred to in the preceding paragraph.

Article 7: A ballot is invalid under any of the following circumstances at the shareholders' meeting:

- (I). The ballot adopted is not that prepared pursuant to the Rules.
- (II). The candidate identified is not a candidate who is nominated, or the quota of candidates exceed the number of candidates to be elected..
- (III). Other words or marks are entered in addition to the

information completed pursuant to the preceding Article and the number of voting rights allotted.

(IV). The writing is unclear and indecipherable.

(V). The check shows that the information completed pursuant to the preceding Article is inconsistent with the information related to the nominated candidate.

(VI). Names and related information of the candidates, or the number of voting rights allotted is altered.

(VII). Total of voting rights allotted exceed the number of votes held by voters.

Where the shareholders exercise their votes in an electronic form, the invalid ballots shall be identified pursuant to the Rules and also the related laws promulgated by the competent authority.

Article 8: The ballot box and lot-drawing box at the shareholders' meeting shall be prepared by the Company and inspected by the monitoring personnel openly before the voting or lot drawing.

Article 9: After the ballots are all in the ballot box, the monitoring and counting personnel will open the ballot box together.

Article 10: The number of ballots counted and recorded is monitored by the monitoring personnel.

Article 11: When there is any doubt about the ballots, the monitoring personnel is asked to check whether it is invalid. The invalid ticket should be placed separately.

Article 12: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, shall be announced by the chairperson on the site.

Article 13: The Company shall issue notifications to the persons elected as directors.

Article 14: The ballots for the election cast on the site, together with the e-voting materials, shall be sealed with the signatures/seals of the monitoring personnel and kept by the Company in proper custody for at least one 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: Any matters not covered herein shall be implemented in accordance with the Company Act, the Company's Articles of Incorporation, and other related laws.

Article 16: The Rules shall be enforced upon approval by a shareholders'

meeting. The same shall apply where the Rules are amended.

Article 17: In the event of any matters not covered herein, the Chinese version shall apply.

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

Appendix 8

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 Shing Lee Enterprise (Hong Kong) Limited Ltd.)	
Director	Zhe-Yi Gao (Representative of Shing Lee Enterprise (Hong Kong) Limited Ltd.)	
Director	Guang-Zhe Huang (Representative of Shing Lee Enterprise (Hong Kong) Limited Ltd.)	
Director	Ji-Zhong Zhang (Representative of Shing Lee Enterprise (Hong Kong) Limited Ltd.)	
Director	Ke-Shun Wang (Representative of Shing Lee Enterprise (Hong Kong) Limited Ltd.)	
Independent Director	Chong Chen	
Independent Director	Tyzz-Jiun Duh	0
Independent Director	Ying-Jun Hai	0
Total Stake of Directors		173,776,546
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 14) of the 2020 AGM.

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

Appendix 9

The Impact of Stock Dividend Issuance on Business

Performance, EPS, and ROE: No estimates should be disclosed as no financial forecast was made for 2020.

Item	Year	2020 (Estimates)
Beginning paid-in capital		NT\$11,887,635,000
Stock dividend of the year (Note 1)	Cash dividend per share	NT\$0.5
	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 2019 is shown according to the profit distribution proposal resolved by the Board on March 9, 2020.

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 10

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 2020 AGM is from April 5, 2020 to April 15, 2020. All proposals were disclosed on the Market Observation Post System by law on March 24, 2020.

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