

Procedures for Providing Endorsements and Guarantees to Other Parties of Nan Ya Plastics Corporation

Amended by the Annual Shareholders' Meeting on June 12, 2019

Chapter 1 General Provision

Article 1: Nan Ya Plastics Corporation (hereinafter referred to as the "Company") shall comply with the "Procedures for Providing Endorsements and Guarantees to other Parties" (hereinafter referred to as the "Procedures") when making endorsements or guarantees for others.

Article 2: The term "endorsements/guarantees" as used in the Procedures refers to the following:

1. Financing endorsements/guarantees, including:
 - (1) Bill discount financing.
 - (2) Endorsement or guarantee made to meet the financing needs of another company, including any creation of a pledge or mortgage on the Company's chattel or real property as security for the loans of another company.
 - (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the Company itself or another company with respect to customs duty matters.
3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.

Article 3: The Company may make endorsements/guarantees for the following companies :

1. A company with which it does business.
2. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
3. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
4. Where the Company fulfills its contractual obligations by

providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

5. Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages. Capital contribution referred to in the paragraph shall mean capital contribution directly by the Company, or through a subsidiary in which the Company holds 100% of the voting shares.

Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

Chapter 2 Formulation of Operation Procedures

Article 4: The ceiling on the total outstanding amount of making endorsements or guarantees of the Company or the Company and its subsidiaries:

1. The aggregate amount of making endorsements or guarantees shall not exceed 1.3 times of the net value of the Company.
2. For any one endorsee or guarantee, the amount shall not exceed 50% of the aggregate amount above.
3. The total outstanding amount of endorsement to each of the companies, which has a business relationship with the Company, shall not exceed the total transaction amount between the two parties. The foresaid “total transaction amount” shall be the total purchasing or selling amount or contract price, whichever is highest, provided that the highest amount shall in no event exceed the amount set forth in the preceding item.

Where the Company needs to exceed the limits set out in the Procedures to satisfy its business needs, it shall obtain approval from the Board of Directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement or guarantee. It shall also amend the Procedures accordingly and submit the same to the Shareholders Meeting for ratification. 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 as a result of changes of condition the entity for which an endorsement/guarantee is made no longer meets the requirements of the Procedures, or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee and to the Board of Directors for a resolution, and shall complete the rectification according to the timeframe set out in the plan.

Article 5: Any endorsement/guarantee provided by the Company shall be approved in advance by the Board of Directors, provided that the Board of Directors can authorize the chairman to approve, in advance, any endorsement or guarantee within a certain amount without the approval of the Board of Directors. After that, the chairman needs to submit the results for ratification by the Board of Directors.

The independent directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting.

Major endorsement/guarantee provided by the Company requires approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution. If the approval by more than half of all audit committee members is not obtained, the aforesaid matter may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

Before making any endorsement/guarantee pursuant to Article 3, paragraph 2, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the Company's Board of Directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, one hundred percent (100%) of their total outstanding shares with voting rights.

Article 6: Before providing endorsement/guarantee to a company, the in-charge department of the Company shall conduct the assessment on the necessity, reasonableness, risk, the financial condition of the Company and the impact on the Company's shareholders' rights and interests of providing endorsement/guarantee to that company, and the assessment shall be placed on record. If it is deemed necessary, the Company shall require collateral for the endorsement/guarantee from the endorsed/guaranteed company. The assessment report of providing the endorsement/guarantee to that company, containing the counterparty, kind of endorsement/guarantee, reasons for providing endorsement/guarantee and amount, shall be submitted to the Chairman of the Company for approval. Each month, the finance department shall key in data of each new endorsement/guarantee or the cancellation of each endorsement/guarantee into the ERP system for controlling and shall print out the detailed list hereof in lieu of the memorandum book.

Any endorsement/guarantee provided by the Company to one of the Company's subsidiaries with a net worth of less than 50% of the subsidiary's paid-in capital shall be reviewed by the in-charge department of the Company on a quarterly basis.

Article 7: 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, and the change of a designated person is subject to the same procedures. The designated person may use the chop to seal or issue negotiable instruments only when the same is in line with the operational procedure prescribed by the Company. When making a guarantee for a foreign company, the Company shall have the Guarantee Agreement signed by the chairman or president authorized by the Board of Directors.

Article 8: The Company's internal auditors shall audit the execution of the endorsement/guarantee operation thereof no less frequently than quarterly and prepare written records accordingly. The internal auditor, during the auditing, shall immediately correct violation(s) upon finding of any violation. If any material violation is found, in addition to notifying the Audit Committee promptly in writing, the personnel who violate the Procedures shall be penalized in accordance with the Human Resources Policies of the Company.

Article 9: The procedures regarding the Company's control of providing endorsement/guarantee to other companies by the subsidiaries of the Company are as follows.

1. When the subsidiaries intend to provide endorsements/guarantees to other companies, the Company shall require its subsidiaries to establish relevant procedures for providing endorsement/guarantee to other companies in accordance with the requirements of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and to comply with such procedures.
2. The subsidiaries shall compile and submit the schedule which includes the details of endorsement/guarantee made in the previous month to the Company for review by the fifth day of each month.
3. If any material violation is found by the internal auditors of the subsidiaries, the internal auditors shall deliver a written notice to the Company of this kind of violation. The Company shall know how the subsidiary deals with the

violations(s), admonish the subsidiary to improve and keep itself informed of the improvement results.

Chapter 3 Announcement and Reporting

Article 10: The Company and its subsidiaries shall publicly announce and report the information of endorsements/guarantees in accordance with the relevant laws, rules and regulations.

Article 11: 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. The percentage of the balance of endorsements/guarantees over the net worth of the company shall be calculated by the ratio of the subsidiary's balance of endorsements/guarantees to the Company's net worth.

Article 12: The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide its certified public accountants with relevant information for implementation of necessary auditing procedures to issue proper audit reports.

Chapter 4 Additional Provisions

Article 13: After the Procedures are approved by the Board of Directors, the same shall be submitted for approval by the shareholders meeting before its implementation. Any amendment is subject to the same procedures. The independent directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the Board of Directors meeting.

The matters for which paragraph 1 requires submitted to the Board of Directors for a resolution shall first be approved by more than half of all audit committee members. If the approval by more than half of all audit committee members is not obtained, the aforesaid matter may be implemented if approved by more than two-thirds of all Directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

