

# **NAN YA PLASTICS CORPORATION**

## **2023 ANNUAL SHAREHOLDERS' MEETING**

### **MEETING HANDBOOK**

(This English translation is prepared in accordance with the Chinese version and is for reference purposes only. If there are any inconsistency between the Chinese original and this translation, the Chinese version shall prevail.)

May 31, 2023

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**NAN YA PLASTICS CORPORATION**  
**2023 ANNUAL SHAREHOLDERS' MEETING**  
**PROCEDURE**

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
4. Ratification Items
5. Extraordinary Motions
6. Meeting Adjourned

**NAN YA PLASTICS CORPORATION**  
**2022 ANNUAL SHAREHOLDERS' MEETING**  
**AGENDA**

Time: 10:00 a.m., Wednesday, May 31, 2023

Venue: Illume Taipei

(No. 100 Dun Hua North Road, Taipei)

Type: Physical Meeting

1. Report Items

(1) 2022 Business Report

(2) Audit Committee' Review Report on the 2022 Financial Statements

(3) Distribution of 2022 Employees Compensation

(4) Distribution of 2022 Cash Dividends

2. Ratification Items

(1) Please approve the 2022 Business Report and Financial Statements as required by the Company Act.

(2) Please approve the Proposal for Distribution of 2022 Profits as required by the Company Act.

## **Report Items**

1. About the Company's business operation condition of 2022, please refer to Business Report for further details (on page 4 of the Handbook) which is hereby reported for record.
2. The Company's Audit Committee members reviewed the 2022 Business Report and Financial Statements and issued their Review Report according to the applicable laws. Please refer to Audit Committee's Review Report (on page 12 of the Handbook).
3. The Company has issued the report on compensation distributed to its employees for 2022.

The pre-tax profit prior to deducting employees' compensation distributable for 2022 is NT\$33,497,489,337. The Company has no accumulated losses. Adopted by the Board Meeting on March 8, 2023, 0.1% of the profit is allocated as employees' compensation in accordance with Article 25 of the Articles of Incorporation. The total allocated amount is NT\$33,497,489 which shall be distributed in cash. The above is hereby reported for record.

4. The Company has issued the report on cash dividend distribution for 2022.

According to the Article 26 of Articles of Incorporation, the Board of Directors of the Company resolved the total amount of cash dividend distribution for 2022 is NT\$ 23,792,464,767 and the cash dividend is NT\$3 per share on March 8, 2023. The cash dividends will be distributed after the Board of Directors resolve the record date for dividend distribution. The above is hereby reported for record.

# NAN YA PLASTICS CORPORATION

## 1.2022 Business Report

In 2022, Nan Ya Plastics Corp. (NPC) recorded a consolidated revenue of NT\$355.18 billion, marking a 13.7% decrease from NT\$411.67 billion in 2021; and a consolidated pre-tax income of NT\$47.55 billion, declining by 54.0% compared to NT\$103.46 billion in 2021.

The global economic growth experienced a slowdown in 2022 due to factors such as inflation, the Russia-Ukraine war, and pandemic control. Nevertheless, thanks to the expanding demand for circuit boards, the comprehensive cross-strait distribution of electronic material products such as copper-clad laminate, coupled with the competitiveness of polyester products in the U.S., and the vigorous improvement in the operating quality of plastic processing products, the Company's consolidated revenue and operating income for the year both achieved the second-highest performance since the adoption of IFRSs consolidated financial statements, despite the unfavorable overall environment.

The four major product categories of NPC operations are plastic processing, chemicals, polyesters, and electronic materials.

In terms of plastic processing, NPC continued to engage in the R&D of innovative applications, new materials, and eco-friendly products with special specifications to increase the sales ratio of differentiated and high-value products. We also carried out capacity consolidation, introduced automatic monitoring equipment to enhance machine productivity, and expanded into high-end and potential emerging markets by promoting e-commerce and online marketing.

Moreover, we took advantage of our decentralized production sites at home and abroad in Taiwan, China, the U.S., and Vietnam. By coordinating production and marketing operations among our plants promptly, we provided satisfactory service and experience to our

customers. Despite the challenges posed by the pandemic, our various efforts enabled us to achieve consistent profitability in plastic processing products.

In terms of chemical products, in line with vertical integration and division of labor in the Sixth Naphtha Cracking Plant in Mailiao, NPC's products, including ethylene glycol (EG), Bisphenol-A (BPA), 1,4-butylene glycol (1,4BG), plasticizers, phthalic anhydride (PA), 2-ethylhexanol (2EH), and epoxy resin (Epoxy), have been vertically integrated into upstream and downstream industries to form a complete supply chain that supports the development of downstream industries such as polyester, electronics, and plastic processing, respectively.

In 2022, mainland China continued to retain strict zero-COVID measures, which affected end-user demand. On top of that, global inflation and interest rate hikes weakened people's purchasing power, resulting in a sharp economic downturn. Moreover, continuous expansions of new petrochemical production capacity in China intensified market competition. Accordingly, some EG plant production lines in Taiwan and the U.S. were suspended in response to the weak market conditions.

The market for BPA experienced oversupply due to increased industrial production capacity and a slowdown in downstream demand. Thus, both sales price and volume were lower than those in 2021. The sales of 1,4BG products were also impacted by a significant decrease in downstream industry activation and the overall profitability of chemical products showed a decline.

The demand for polyester products weakened due to inflation, causing a contraction of end consumption in various applications such as apparel and automotive interiors. It led to the accumulation of inventories for brand owners and downstream customers. Additionally, owing to price-cutting competition from the mainland industry, customers tended to be cautious in placing orders, and the activation rate failed considerably, leading to a drop in the overall profitability of the Taiwan and mainland

plants compared to that of 2021. Nonetheless, the U.S. plant in South Carolina remained profitable thanks to its strong competitiveness.

With the rise of global environmental awareness, there are unlimited opportunities for recycling and the circular economy. The Company has been keenly invested in the R&D of products related to PET bottles, marine, and fabric recycling, as well as biodegradability and green energy. Meanwhile, we are devoted to promoting dope-colored PET, which saves 97% water compared to traditional dyeing methods, effectively reducing energy consumption. We are also working to develop 100% recyclable polyester to improve recycling efficiency and expand fiber product applications, thereby achieving further profit growth.

As for electronic materials, which were impacted by war, inflation, and interest rate hikes in 2022, coupled with the relaxation of pandemic control in Europe and the U.S, people gradually resumed their pre-pandemic lifestyles, causing a slumping demand for computers, cell phones, and home economy-related electronic products. Accordingly, the supply chain prioritized destocking in the latter half of the year, resulting in a drop in sales of various products. Whereas overall profitability remained positive, it was relatively lower than the peak in 2021.

During the first half of 2023, countries such as Europe and the U.S. are expected to curb inflation with continuous tightening policies while the market remains conservative. In the second half of the year, the market is expected to return to normalcy with the easing of pandemic control, a slowdown in inflation, and almost a year of inventory control within the industrial chain. Moreover, various countries persist in pushing new energy vehicle policies and accelerating the development of lithium batteries, together with AI, 5G communication, server, wind power construction, and related applications, which will drive the growing demand for electronic materials.

We will seize the opportunity of the gradual market recovery and flexibly utilize cross-strait production capacity in Taiwan and China to



maximize margins by taking full advantage of the vertical integration of upstream and downstream. Furthermore, we will earnestly propel differentiated products to increase the sales ratio of high-function niche products to drive revenue and profit growth.

Nan Ya Printed Circuit Board Corp. (Nan Ya PCB) a reinvestment company of NPC, has been cultivating the high-end IC substrate market for a long time and has been working with customers to launch next-generation CPU, GPU, Netcom, automotive, AI, and HPC (high-performance computing) application substrates. With their new capacity for high-end IC substrates now in mass production since the fourth quarter of 2022, the sales ratio of high-value products will be further elevated, leading to a quarterly increase in revenue and taking operating performance to the next level.

Under the development of advanced technologies such as chiplet packaging and heterogeneous chip integration, the demand for high-end IC substrates continues to grow. In response to future development trends, Nan Ya PCB has actively strengthened its R&D capabilities and expanded production capacity to meet market demand. Amongst, the new ABF substrate capacity of Shulin Plant Phase I and Kunshan Plant Phase II have contributed to revenue and are scheduled to reach full production by the first quarter of 2023, while Shulin Plant Phase II is set to begin mass production in the first quarter of 2024, which is expected to significantly raise revenue and profitability.

Nan Ya Technology Corp., another reinvested company of NPC, is dedicated to developing, manufacturing, and selling DRAM products. Although market conditions remained favorable in the first half of 2022, customers began to adjust inventories in the second half of the year because of plummeting demand for consumer electronics products, resulting in a quarterly decline in memory market prices and volumes. Without delay, Nan Ya Technology Corp. adopted several measures to enhance its operational resilience, including inventory control, reduced

capital expenditures, and cost-cutting.

DRAM is an essential component in the smartification of electronic products. The future introduction of various consumer smart electronics, together with the advancement of AI, 5G, smart cities, smart factories, smart cars, etc., will drive the diversification of DRAM applications. It is expected that the market will begin to improve quarterly starting in the second half of 2023. Aside from continuing to promote existing product sales, we will intensify our independent development capabilities to foster our long-term competitiveness.

## **2.2022 Operating Status**

The consolidated operating revenue was NT\$355.18 billion in 2022, a decrease of NT\$56.49 billion, 13.7% over NT\$411.67 billion in 2021. Deducted operating costs NT\$301.27 billion and selling expenses and administrative expenses NT\$21.88 billion the operating income was NT\$32.03 billion and the operating margin was 9.0% in 2022 which decreased 60.5% compared with NT\$81.00 billion in 2021. Added up non-operating income and expenses NT\$ 15.52 billion the pre-tax income of 2022 was NT\$47.55 billion and the pre-tax income margin was 13.4% a decrease of 54.0% over NT\$103.46 billion in 2021.

## **3.2023 Business Outlook**

As we look towards 2023, the Russia-Ukraine war shows no signs of abating in the first quarter. In addition, inflation in Europe and the United States has not yet reached its lowest point, and China's domestic demand has not picked up despite the lifting of the lockdown, leading to an overall weak global economy. Some of these negative factors are expected to gradually ease from the second quarter onwards, and market conditions are likely to pick up quarter by quarter. Nonetheless, the global economy remains vulnerable to political and economic risks that could undermine the progress made toward recovery this year.

In addition, the U.S. ban on China's technology industry is becoming

increasingly stringent, and the shift from a trade war to a technology war may impact global supply chains. Furthermore, corporations are facing challenges related to issues such as climate change, sustainable development, and smart technology. Given the complexity of international situations and market trends, we will aggressively give impetus to the following business strategies to establish a solid foundation for our growth and profitability:

- ① Optimizing the product portfolio, proactively expanding markets, and maximizing productivity
- ② Utilizing smart technology, accelerating digital transformation, and enhancing NPC's operating efficiency
- ③ Strengthening operational resilience, surpassing governance indicators, and moving toward sustainable corporate development

Under the aforesaid business strategy, we will stay up-to-date with market trends, remain focused on new materials for 5G high-frequency and high-speed, new energy vehicles, and automotive electronic substrates as the core to develop high-value and differentiated advanced applied materials, and drive the development of a series of upstream and downstream products. We will also optimize our existing products by eliminating underperforming products and shifting towards high-end products, expand into diverse markets and consolidate our equipment production lines concurrently to realize the maximum production capacity, effectively increase capacity utilization, and maximize productivity.

Apart from that, the application of smart technology is becoming increasingly mature. In addition to the continuous introduction of AI into equipment and manufacturing processes, various digital data will be integrated to establish a digital management platform so as to optimize production control, smarten up the process and management, and ultimately enhance NPC's operating efficiency.

Additionally, global climate change and sustainable development are

inevitable issues for business operations. Hence, the "Sustainable Development Commission" has been established under the Board of Directors to push forward "low-carbon energy transition," "energy conservation and circular economy," "increasing renewable energy usage," "application of carbon capture technology," etc. We are taking proactive measures to confront the opportunities and challenges posed by climate change to the business, strengthening operational resilience, implementing corporate governance, fulfilling corporate social responsibility, and moving toward sustainable corporate development.

To seize the opportunity of the green environment and circular economy, we have developed environmentally friendly and high-value green products to provide consumers with more choices. In addition to obtaining environmental protection labels and green building material labels, some products also meet the global standard of textile recycling. Over the past three years, we have sold 271,000 tons of PET bottle recycling products, approximately reduced 468,000 tons of greenhouse gas emissions, equivalent to the carbon absorption of 1,199 Daan Park, and realized the goal of reduction, reuse, and resource utilization.

Subsequently, to meet market demand and respond to trends such as supply chain shift, carbon footprint reduction, and local supply, we will establish a regionalized supply system and fortify the autonomy of the supply chain with production layout in Taiwan, China, the U.S., Vietnam, and other places to master emerging developments in Southeast Asia, South Asia, etc. and economic recovery opportunities in Europe, and to improve production and sales flexibility by diversifying production areas, markets, and channels.

In terms of new expansions and investments, the copper-clad laminate and glass fiber at Huizhou Plant in China has been put into production in 2022. This year, several investments will also be completed successively, including release liners, ABF substrates, and blood bag and leukocyte reduction filter system for medical use at Shulin Plant, Taiwan,

polybutylene adipate terephthalate (PBAT) at Linkou Plant, Taiwan, bisphenol-A (BPA) at Ningbo Plant and ABF substrates at Kunshan Plant, China. These investments are expected to generate an annual output value of over NT\$20 billion.

In the upcoming years, the Company plans to pursue various expansion projects such as ABF substrates of Nan Ya PCB, electronic materials, and plant solar system installation in Taiwan. Moving forward, we will closely monitor changes in the supply chain along with industry trends and international economic and trade situations and make timely and appropriate investments in new capacity expansion and low-carbon energy transition to enhance operational resilience and drive sustainable growth.

Chairman: Chia Chau, Wu

President: Ming Jen, Tzou

In-charge Accountant: Chih Yun, Su

# **NAN YA PLASTICS CORPORATION**

## **Audit Committee' Review Report**

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements, including Consolidated and Individual Financial Statements, and Proposal for Profits Distribution. The CPA firm of KPMG was retained to audit Nan Ya Plastics Corporation's Financial Statements and has issued an audit report relating to Financial Statements. The Business Report, Financial Statements, and Proposal for Profits Distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Nan Ya Plastics Corporation. According to the Securities and Exchange Act and the Company Act, we hereby submit this report. Please be advised accordingly.

Nan Ya Plastics Corporation  
Chairman of the Audit Committee: Chih-Kang, Wang

March 8, 2023

## **Ratification Items**

### **Proposal 1**

**Proposal:** For approval of the 2022 Business Report and Financial Statements as required by the Company Act.

Proposed by the Board of Directors

#### **Explanation:**

1. The preparation of the Company's 2022 Consolidated and Individual Financial Statements were completed. The aforementioned Financial Statements were reviewed by the Audit Committee and approved by the Board Meeting on March 8, 2023, and audited by independent auditors, Mr. Hui-Chih, Ko and Mr. Chi-Lung, Yu, of KPMG. The aforesaid Financial Statements together with the Business Report were reviewed by the Audit Committee, which the Audit Committee' Review Report is presented.
2. For the aforementioned Business Report, please refer to page 4 through page 11 of the Meeting Handbook. As for the Financial Statements, please refer to page 15 through page 22 of the Handbook. Please approve the Business Report and the Financial Statements.

#### **Resolution:**

**Ratification Items****Proposal 2**

**Proposal:** For Approval of the Proposal for Distribution of 2022 Profits as required by the Company Act.

Proposed by the Board of Directors

**Attachment:**

Please refer to page 23 of the Handbook for the Statement of Profits Distribution, which has been reviewed by the Audit Committee members of Nan Ya Plastics Corporation and approved by the Board of Directors on March 8, 2023.

**Resolution:**



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2022		December 31, 2021		Liabilities and Equity		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (notes 6(a) and (w))	\$ 89,444,513	13	74,549,426	11	2100	Short-term borrowings (notes 6(l), (w) and (z))	\$ 38,775,000	6	23,436,269	4
1110	Current financial assets at fair value through profit or loss (notes 6(b) and (w))	1,562,720	-	3,793,399	1	2110	Short-term notes and bills payable (notes 6(k), (w) and (z))	35,449,361	5	16,997,065	3
1120	Current financial assets at fair value through other comprehensive income (notes 6(c), (w) and 8)	35,494,677	5	42,012,470	6	2170	Notes and accounts payable (note 6(w))	14,484,851	2	15,812,149	2
1150	Notes receivable, net (notes 6(d) and (w))	3,503,958	1	5,942,172	1	2180	Accounts payable to related parties (notes 6(w) and 7)	5,509,673	1	8,132,144	1
1170	Accounts receivable, net (notes 6(d) and (w))	45,547,738	7	53,735,729	8	2200	Other payables (including related parties) (note 7)	32,253,802	5	34,427,955	5
1180	Accounts receivable due from related parties (notes 6(d), (w) and 7)	1,531,649	-	2,450,080	-	2280	Current lease liabilities (notes 6(o), (w), (z) and 7)	134,521	-	91,519	-
1200	Other receivables (notes 6(e) and (w))	4,511,631	1	6,910,305	1	2321	Current portion of bonds payable (notes 6(n), (w) and (z))	11,569,513	2	10,769,524	2
1210	Other receivables due from related parties (notes 6(e), (w) and 7)	2,685,961	-	3,041,118	-	2322	Current portion of long-term borrowings (notes 6(m), (w) and (z))	30,325,562	5	2,808,195	-
130X	Inventories (note 6(f))	52,985,302	8	57,566,457	9	2399	Other current liabilities	2,060,954	-	1,504,257	-
1470	Other current assets	5,945,505	1	5,906,247	1		<b>Total current liabilities</b>	<b>170,563,237</b>	<b>26</b>	<b>113,979,077</b>	<b>17</b>
	<b>Total current assets</b>	<b>243,213,654</b>	<b>36</b>	<b>255,907,403</b>	<b>38</b>		<b>Non-Current liabilities:</b>				
<b>Non-current assets:</b>						2530	Bonds payable (notes 6(n), (w) and (z))	52,751,979	8	64,309,591	10
1510	Non-current financial assets at fair value through profit or loss (notes 6(b) and (w))	759,912	-	665,316	-	2540	Long-term borrowings (notes 6(m), (w) and (z))	5,500,000	1	21,801,264	3
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(c) and (w))	16,106,851	2	25,829,225	4	2570	Deferred tax liabilities (note 6(q))	19,198,940	3	19,799,996	3
1550	Investments accounted for using equity method (notes 6(g) and 7)	171,148,248	26	181,363,247	27	2580	Non-current lease liabilities (notes 6(o), (w), (z) and 7)	275,945	-	213,546	-
1600	Property, plant and equipment (notes 6(h), 7 and 8)	211,967,022	32	184,787,735	28	2640	Net defined benefit liability-non-current (note 6(p))	14,335,802	2	18,215,155	3
1755	Right-of-use assets (notes 6(i) and 7)	1,024,075	-	935,291	-	2645	Guarantee deposits	811,256	-	840,024	-
1782	Intangible assets (note 6(j))	1,714,160	-	1,907,305	-	2670	Other non-current liabilities	7,777,567	1	795,963	-
1812	Technology development expense	16,111	-	20,826	-		<b>Total non-current liabilities</b>	<b>100,651,489</b>	<b>15</b>	<b>125,975,539</b>	<b>19</b>
1840	Deferred tax assets (note 6(q))	3,632,469	1	4,186,428	1		<b>Total liabilities</b>	<b>271,214,726</b>	<b>41</b>	<b>239,954,616</b>	<b>36</b>
1915	Prepayments for purchase of equipment	4,232,262	1	3,725,893	1		<b>Equity attributable to owners of parent (note 6(r)):</b>				
1937	Overdue receivables (note 6(d))	-	-	-	-	3110	Ordinary shares	79,308,216	12	79,308,216	12
1975	Net defined benefit asset-non-current (note 6(p))	76,970	-	102,621	-	3200	Capital surplus	27,692,943	4	26,659,037	4
1990	Other non-current assets	11,424,422	2	9,264,096	1	3300	Retained earnings	247,505,467	37	273,458,343	41
	<b>Total non-current assets</b>	<b>422,102,502</b>	<b>64</b>	<b>412,787,983</b>	<b>62</b>	3400	Others	20,597,964	3	34,644,494	5
	<b>Total assets</b>	<b>\$ 665,316,156</b>	<b>100</b>	<b>668,695,386</b>	<b>100</b>	36XX	Non-controlling interests	18,996,840	3	14,670,680	2
							<b>Total equity</b>	<b>394,101,430</b>	<b>59</b>	<b>428,740,770</b>	<b>64</b>
							<b>Total liabilities and equity</b>	<b>\$ 665,316,156</b>	<b>100</b>	<b>668,695,386</b>	<b>100</b>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	2022		2021	
	Amount	%	Amount	%
4000 <b>Operating revenue</b> (notes 6(t) and 7)	\$ 355,183,300	100	411,670,391	100
5000 <b>Operating costs</b> (notes 6(f), (j), (p), (u), 7 and 12)	301,276,564	85	307,825,271	75
5910 Less: Unrealized (realized) profit from affiliated companies (note 7)	<u>(1,665)</u>	-	<u>(188)</u>	-
<b>Gross profit from operation</b>	<u>53,908,401</u>	<u>15</u>	<u>103,845,308</u>	<u>25</u>
<b>Operating expenses (notes 6(p), (u), 7 and 12):</b>				
6100 Selling expenses	12,147,990	3	12,935,585	3
6200 Administrative expenses	9,716,604	3	9,865,758	2
6450 Expected credit losses (note 6(d))	<u>13,967</u>	-	<u>43,925</u>	-
<b>Total operating expenses</b>	<u>21,878,561</u>	<u>6</u>	<u>22,845,268</u>	<u>5</u>
<b>Net Operating income</b>	<u>32,029,840</u>	<u>9</u>	<u>81,000,040</u>	<u>20</u>
<b>Non-operating income and expenses (notes 6(g), (o), (v) and 7):</b>				
7010 Other income	7,496,443	2	3,570,339	1
7020 Other gains and losses	3,895,914	1	(1,287,504)	-
7050 Finance costs	<u>(2,306,156)</u>	-	<u>(1,507,697)</u>	-
7060 Shares of profit of associates and joint ventures accounted for using equity method	4,818,856	1	20,748,498	4
7100 Interest income	<u>1,615,935</u>	-	<u>940,279</u>	-
<b>Total non-operating income and expenses</b>	<u>15,520,992</u>	<u>4</u>	<u>22,463,915</u>	<u>5</u>
<b>Profit before tax</b>	47,550,832	13	103,463,955	25
7950 Less: Income tax expenses (note 6(q))	<u>9,066,113</u>	<u>2</u>	<u>18,631,130</u>	<u>4</u>
<b>Profit</b>	<u>38,484,719</u>	<u>11</u>	<u>84,832,825</u>	<u>21</u>
8300 <b>Other comprehensive income (loss) (notes 6(g), (q) and (r)):</b>				
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311 Gains (losses) on remeasurements of defined benefit plans	1,710,644	-	(1,669,236)	-
8316 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	(16,259,718)	(5)	8,439,352	2
8320 Shares of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	<u>(8,690,004)</u>	<u>(3)</u>	<u>2,798,839</u>	-
8349 Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>341,791</u>	-	<u>(333,260)</u>	-
<b>Total items that may not be reclassified subsequently to profit and loss</b>	<u>(23,580,869)</u>	<u>(8)</u>	<u>9,902,215</u>	<u>2</u>
8360 <b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361 Exchange differences on translation	11,058,219	4	(2,916,874)	(1)
8370 Shares of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	<u>(8,717)</u>	-	<u>(21,868)</u>	-
8399 Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	-	<u>-</u>	-
<b>Total items that may be reclassified subsequently to profit and loss</b>	<u>11,049,502</u>	<u>4</u>	<u>(2,938,742)</u>	<u>(1)</u>
8300 <b>Other comprehensive income</b>	<u>(12,531,367)</u>	<u>(4)</u>	<u>6,963,473</u>	<u>1</u>
8500 <b>Total comprehensive income</b>	<u>\$ 25,953,352</u>	<u>7</u>	<u>91,796,298</u>	<u>22</u>
<b>Profit, attributable to:</b>				
8610 Owners of parent	\$ 32,108,977	9	81,295,023	20
8620 Non-controlling interests	<u>6,375,742</u>	<u>2</u>	<u>3,537,802</u>	<u>1</u>
	<u>\$ 38,484,719</u>	<u>11</u>	<u>84,832,825</u>	<u>21</u>
<b>Comprehensive income attributable to:</b>				
8710 Owners of parent	\$ 19,479,433	5	88,348,263	21
8720 Non-controlling interests	<u>6,473,919</u>	<u>2</u>	<u>3,448,035</u>	<u>1</u>
	<u>\$ 25,953,352</u>	<u>7</u>	<u>91,796,298</u>	<u>22</u>
<b>Basic earnings per share (note 6(s)):</b>				
9710 Income from continuing operations	\$ 6.00	4.85	13.05	10.70
Income from non-controlling equity	<u>(1.78)</u>	<u>(0.80)</u>	<u>(1.70)</u>	<u>(0.45)</u>
9750 Income attributable to shareholders of the parent	<u>\$ 4.22</u>	<u>4.05</u>	<u>11.35</u>	<u>10.25</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**

**Consolidated Statement of Changes in Equity**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent										
	Retained earnings					Items of other equity interest			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments			
<b>Balance at January 1, 2021</b>	\$ 79,308,216	26,523,931	70,908,168	102,999,530	38,723,028	(14,625,394)	40,748,650	30,738	344,616,867	11,969,611	356,586,478
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	2,597,338	-	(2,597,338)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	3,093,500	(3,093,500)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(19,033,972)	-	-	-	(19,033,972)	-	(19,033,972)
Reversal of special reserve	-	-	-	(9,912)	9,912	-	-	-	-	-	-
Other changes in capital surplus:											
Other changes in capital surplus	-	135,106	-	-	-	-	-	-	135,106	-	135,106
Profit	-	-	-	-	81,295,023	-	-	-	81,295,023	3,537,802	84,832,825
Other comprehensive income	-	-	-	-	(1,415,684)	(2,898,564)	11,389,356	(21,868)	7,053,240	(89,767)	6,963,473
Total comprehensive income	-	-	-	-	79,879,339	(2,898,564)	11,389,356	(21,868)	88,348,263	3,448,035	91,796,298
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	3,826	-	-	-	3,826	-	3,826
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(21,576)	-	21,576	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(746,966)	(746,966)
<b>Balance at December 31, 2021</b>	<u>\$ 79,308,216</u>	<u>26,659,037</u>	<u>73,505,506</u>	<u>106,083,118</u>	<u>93,869,719</u>	<u>(17,523,958)</u>	<u>52,159,582</u>	<u>8,870</u>	<u>414,070,090</u>	<u>14,670,680</u>	<u>428,740,770</u>
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	7,986,159	-	(7,986,159)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	6,587,648	(6,587,648)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(59,481,162)	-	-	-	(59,481,162)	-	(59,481,162)
Reversal of special reserve	-	-	-	(6,908)	6,908	-	-	-	-	-	-
Other changes in capital surplus:											
Other changes in capital surplus	-	1,033,906	-	-	2,323	-	-	-	1,036,229	-	1,036,229
Profit	-	-	-	-	32,108,977	-	-	-	32,108,977	6,375,742	38,484,719
Other comprehensive income	-	-	-	-	1,416,986	11,020,069	(25,057,882)	(8,717)	(12,629,544)	98,177	(12,531,367)
Total comprehensive income	-	-	-	-	33,525,963	11,020,069	(25,057,882)	(8,717)	19,479,433	6,473,919	25,953,352
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(2,147,759)	(2,147,759)
<b>Balance at December 31, 2022</b>	<u>\$ 79,308,216</u>	<u>27,692,943</u>	<u>81,491,665</u>	<u>112,663,858</u>	<u>53,349,944</u>	<u>(6,503,889)</u>	<u>27,101,700</u>	<u>153</u>	<u>375,104,590</u>	<u>18,996,840</u>	<u>394,101,430</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

**Consolidated Statement of Cash Flows**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2022	2021
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 47,550,832	103,463,955
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	19,510,511	18,163,541
Amortization expense	1,042,919	1,620,649
Expected credit losses	13,967	43,925
Net gain on financial assets at fair value through profit or loss	(213,483)	(29,057)
Interest expense	2,306,156	1,507,697
Interest income	(1,615,935)	(940,279)
Dividend income	(3,527,934)	(1,267,679)
Shares of profit of associates and joint ventures accounted for using equity method	(4,818,856)	(20,748,498)
(Gains) losses on disposal of property, plant and equipment	(627,897)	191,437
Property, plant and equipment transferred to expenses	27,317	44,638
Realized profit from affiliated companies	(1,665)	(188)
Unrealized foreign exchange losses	306,871	44,870
Other revenue, overdue dividends and compensation of board and directors	2,390	1,439
Losses on reversal of impairment loss of property, plant and equipment	16,425	120,046
<b>Total adjustments to reconcile profit (loss)</b>	<b>12,420,786</b>	<b>(1,247,459)</b>
<b>Changes in operating assets and liabilities:</b>		
Decrease in notes receivable	2,447,073	854,643
Decrease (increase) in accounts receivable (including related parties)	9,014,469	(11,037,745)
Decrease (increase) in other receivable	2,426,767	(117,434)
Decrease (increase) in inventories	3,962,082	(15,141,951)
Increase in other current assets	(74,309)	(1,541,685)
<b>Total changes in operating assets</b>	<b>17,776,082</b>	<b>(6,984,172)</b>
(Decrease) increase in notes and accounts payable(including related parties)	(3,962,679)	4,228,720
Increase in other payable	1,182,712	7,480,414
Increase in other current liabilities	556,697	129,820
Decrease in net defined benefit liability	(2,208,339)	(4,958,753)
<b>Total changes in operating liabilities</b>	<b>(4,431,609)</b>	<b>6,880,201</b>
<b>Total changes in operating assets and liabilities</b>	<b>13,344,473</b>	<b>(20,103,971)</b>
<b>Total adjustments</b>	<b>25,765,259</b>	<b>(21,351,430)</b>
Cash inflow generated from operations	73,316,091	82,112,525
Interest received	1,587,842	681,707
Dividends received	16,197,039	5,324,645
Interest paid	(2,307,134)	(1,540,899)
Income taxes paid	(13,497,503)	(7,701,670)
<b>Net cash flows from operating activities</b>	<b>75,296,335</b>	<b>78,876,308</b>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	4,250	10,558
Proceeds from disposal of financial assets at fair value through profit or loss	2,422,695	-
Acquisition of investments accounted for using equity method	(1,000,000)	(884,536)
Acquisition of property, plant and equipment	(31,241,870)	(29,178,142)
Proceeds from disposal of property, plant and equipment	815,870	779,926
Increase in refundable deposits	(616,478)	(127,736)
Decrease in other receivables due from related parties	355,157	1,484,952
Increase in other non-current assets	(12,114,825)	(5,392,928)
<b>Net cash flows used in investing activities</b>	<b>(41,375,201)</b>	<b>(33,307,906)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term loans	15,297,568	(31,122,106)
Increase (decrease) in short-term notes and bills payable	18,500,000	(1,300,000)
Proceeds from issuing bonds	-	11,482,080
Repayments of bonds	(10,775,000)	(5,750,000)
Proceeds from long-term debt	14,750,000	25,272,504
Repayments of long-term debt	(6,012,607)	(5,444,951)
(Decrease) increase in guarantee deposits received	(28,768)	167,293
Payments of lease liabilities	(120,050)	(134,935)
Increase in other non-current liabilities	7,021,833	729,046
Cash dividends paid	(59,374,150)	(19,044,329)
Change in non-controlling interests	(2,163,645)	(746,937)
<b>Net cash flows used in financing activities</b>	<b>(22,904,819)</b>	<b>(25,892,335)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>3,878,772</b>	<b>(1,100,258)</b>
<b>Net increase in cash and cash equivalents</b>	<b>14,895,087</b>	<b>18,575,809</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>74,549,426</b>	<b>55,973,617</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 89,444,513</b>	<b>74,549,426</b>

See accompanying notes to Consolidated financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
NAN YA PLASTICS CORPORATION

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Assets</b>						<b>Liabilities and Equity</b>					
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (notes 6(a) and (v))	\$ 10,153,169	2	4,873,673	1	2100	Short-term borrowings (notes 6(k), (v) and (y))	\$ 36,500,000	6	21,087,800	4
1110	Current financial assets at fair value through profit or loss (notes 6(b) and (v))	1,562,720	-	3,793,399	1	2110	Short-term notes and bills payable (notes 6(j), (v) and (y))	35,449,361	6	16,997,065	3
1120	Current financial assets at fair value through other comprehensive income (notes 6(c), (v) and 8)	35,494,677	6	42,012,470	7	2170	Notes and accounts payable (note 6(v))	5,267,090	1	6,477,517	1
1150	Notes receivable, net (notes 6(d) and (v))	1,692,750	-	2,453,442	-	2180	Accounts payable to related parties (notes 6(v) and 7)	4,719,312	1	6,894,921	1
1170	Accounts receivable, net (notes 6(d) and (v))	11,028,371	2	15,790,114	3	2200	Other payables	19,324,075	4	22,337,336	4
1180	Accounts receivable due from related parties (notes 6(d), (v) and 7)	2,920,907	1	6,207,010	1	2280	Current lease liabilities (notes 6(n), (v), (y) and 7)	22,209	-	16,035	-
1200	Other receivables (notes 6(e), (g) and (v))	855,320	-	1,238,249	-	2321	Current portion of bonds payable (notes 6(m), (v) and (y))	11,569,513	2	10,769,524	2
1210	Other receivables due from related parties (notes 6(e), (v) and 7)	2,434,604	-	2,779,366	1	2322	Current portion of long-term borrowings (notes 6(l), (v) and (y))	6,500,000	1	1,800,000	-
130X	Inventories (note 6(f))	27,138,391	5	31,417,949	5	2399	Other current liabilities	510,921	-	695,144	-
1470	Other current assets	3,595,794	1	2,351,021	-		<b>Total current liabilities</b>	<u>119,862,481</u>	<u>21</u>	<u>87,075,342</u>	<u>15</u>
	<b>Total current assets</b>	<u>96,876,703</u>	<u>17</u>	<u>112,916,693</u>	<u>19</u>		<b>Non-Current liabilities:</b>				
	<b>Non-current assets:</b>					2530	Bonds payable (notes 6(m), (v) and (y))	52,751,979	9	64,309,591	11
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(c) and (v))	15,487,957	3	25,443,872	4	2540	Long-term borrowings (notes 6(l), (v) and (y))	5,500,000	1	-	-
1550	Investments accounted for using equity method (note 6(g))	374,551,265	65	374,263,361	63	2570	Deferred tax liabilities (note 6(p))	10,685,454	2	12,958,451	2
1600	Property, plant and equipment (notes 6(h) and 8)	76,227,798	13	69,003,216	12	2580	Non-current lease liabilities (notes 6(n), (v), (y) and 7)	87,008	-	78,305	-
1755	Right-of-use assets (note 6(i))	107,562	-	92,923	-	2640	Net defined benefit liability-non-current (note 6(o))	11,721,283	2	14,980,081	2
1812	Technology development expense	16,111	-	20,826	-	2645	Guarantee deposits	455,674	-	373,628	-
1840	Deferred tax assets (note 6(p))	2,670,327	1	3,173,123	1	2670	Other non-current liabilities	35,548	-	25,757	-
1915	Prepayments for purchase of equipment	1,917,792	-	1,693,432	-		<b>Total non-current liabilities</b>	<u>81,236,946</u>	<u>14</u>	<u>92,725,813</u>	<u>15</u>
1937	Overdue receivables (note 6(d))	-	-	-	-		<b>Total liabilities</b>	<u>201,099,427</u>	<u>35</u>	<u>179,801,155</u>	<u>30</u>
1990	Other non-current assets	8,348,502	1	7,263,799	1		<b>Equity (note 6(q)):</b>				
	<b>Total non-current assets</b>	<u>479,327,314</u>	<u>83</u>	<u>480,954,552</u>	<u>81</u>	3110	Ordinary Shares	79,308,216	13	79,308,216	13
	<b>Total assets</b>	<u>\$ 576,204,017</u>	<u>100</u>	<u>593,871,245</u>	<u>100</u>	3200	Capital surplus	27,692,943	5	26,659,037	5
						3300	Retained earnings	247,505,467	43	273,458,343	46
						3400	Others	20,597,964	4	34,644,494	6
							<b>Total equity</b>	<u>375,104,590</u>	<u>65</u>	<u>414,070,090</u>	<u>70</u>
							<b>Total liabilities and equity</b>	<u>\$ 576,204,017</u>	<u>100</u>	<u>593,871,245</u>	<u>100</u>

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
NAN YA PLASTICS CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	2022		2021	
	Amount	%	Amount	%
4000 <b>Operating revenue, net</b> (notes 6(s) and 7)	\$169,184,070	100	217,460,911	100
5000 <b>Operating costs</b> (notes 6(f), (o), (t), 7 and 12)	151,802,295	90	161,931,476	74
5910 <b>Less: Unrealized (realized) profit from affiliated companies</b> (note 7)	<u>19,784</u>	-	<u>14,985</u>	-
<b>Gross profit from operations</b>	<u>17,361,991</u>	<u>10</u>	<u>55,514,450</u>	<u>26</u>
<b>Operating expenses</b> (notes 6(o), (t), 7 and 12):				
6100 Selling expenses	7,043,654	4	8,045,419	4
6200 Administrative expenses	5,748,276	3	6,182,172	3
6450 Expected credit losses (note 6(d))	<u>17,671</u>	-	<u>36,099</u>	-
<b>Total operating expenses</b>	<u>12,809,601</u>	<u>7</u>	<u>14,263,690</u>	<u>7</u>
<b>Operating income</b>	<u>4,552,390</u>	<u>3</u>	<u>41,250,760</u>	<u>19</u>
<b>Non-operating income and expenses</b> (notes 6(g), (h), (n), (u) and 7):				
7010 Other income	4,864,455	3	2,497,389	1
7020 Other gains and losses, net	2,850,822	2	(863,506)	-
7050 Finance costs	(1,490,929)	(1)	(1,140,406)	(1)
7060 Share of profit of associates and joint ventures accounted for using equity method, net	22,596,013	13	48,228,151	22
7100 Interest income	<u>91,241</u>	-	<u>48,973</u>	-
<b>Total non-operating income and expenses</b>	<u>28,911,602</u>	<u>17</u>	<u>48,770,601</u>	<u>22</u>
<b>Profit before income tax</b>	33,463,992	20	90,021,361	41
7950 Less: Income tax expenses (note 6(p))	<u>1,355,015</u>	<u>1</u>	<u>8,726,338</u>	<u>4</u>
<b>Profit</b>	<u>32,108,977</u>	<u>19</u>	<u>81,295,023</u>	<u>37</u>
8300 <b>Other comprehensive income(loss)</b> (notes 6(c), (g), (p) and (q)):				
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311 Gains (losses) on remeasurements of defined benefit plans	1,361,172	1	(1,254,827)	(1)
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(16,469,457)	(10)	8,803,955	5
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(8,260,377)	(5)	2,173,579	1
8349 Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>272,234</u>	-	<u>(250,965)</u>	-
<b>Total items that may not be reclassified subsequently to profit and loss</b>	<u>(23,640,896)</u>	<u>(14)</u>	<u>9,973,672</u>	<u>5</u>
8360 <b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361 Exchange differences on translation of foreign financial statements	11,020,069	7	(2,898,564)	(1)
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(8,717)	-	(21,868)	-
8399 Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total items that may be reclassified subsequently to profit or loss</b>	<u>11,011,352</u>	<u>7</u>	<u>(2,920,432)</u>	<u>(1)</u>
8300 <b>Other comprehensive income</b>	<u>(12,629,544)</u>	<u>(7)</u>	<u>7,053,240</u>	<u>4</u>
8500 <b>Total comprehensive income</b>	<u>\$ 19,479,433</u>	<u>12</u>	<u>88,348,263</u>	<u>41</u>
	<b>Before Tax</b>	<b>After Tax</b>	<b>Before Tax</b>	<b>After Tax</b>
<b>Basic earnings per share</b> (note 6(r)) :	<u>\$ 4.22</u>	<u>4.05</u>	<u>11.35</u>	<u>10.25</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
NAN YA PLASTICS CORPORATION

Statements of Changes in Equity  
For the years ended December 31, 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings				Items of other equity interest				Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	
<b>Balance at January 1, 2021</b>	\$ 79,308,216	26,523,931	70,908,168	102,999,530	38,723,028	(14,625,394)	40,748,650	30,738	344,616,867
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	2,597,338	-	(2,597,338)	-	-	-	-
Special reserve appropriated	-	-	-	3,093,500	(3,093,500)	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(19,033,972)	-	-	-	(19,033,972)
Reversal of special reserve	-	-	-	(9,912)	9,912	-	-	-	-
Other changes in capital surplus:									
Other changes in capital surplus	-	135,106	-	-	-	-	-	-	135,106
Profit	-	-	-	-	81,295,023	-	-	-	81,295,023
Other comprehensive income	-	-	-	-	(1,415,684)	(2,898,564)	11,389,356	(21,868)	7,053,240
Total comprehensive income	-	-	-	-	79,879,339	(2,898,564)	11,389,356	(21,868)	88,348,263
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	3,826	-	-	-	3,826
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(21,576)	-	21,576	-	-
<b>Balance at December 31, 2021</b>	<u>79,308,216</u>	<u>26,659,037</u>	<u>73,505,506</u>	<u>106,083,118</u>	<u>93,869,719</u>	<u>(17,523,958)</u>	<u>52,159,582</u>	<u>8,870</u>	<u>414,070,090</u>
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	7,986,159	-	(7,986,159)	-	-	-	-
Special reserve appropriated	-	-	-	6,587,648	(6,587,648)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(59,481,162)	-	-	-	(59,481,162)
Reversal of special reserve	-	-	-	(6,908)	6,908	-	-	-	-
Other changes in capital surplus:									
Other changes in capital surplus	-	1,033,906	-	-	2,323	-	-	-	1,036,229
Profit	-	-	-	-	32,108,977	-	-	-	32,108,977
Other comprehensive income	-	-	-	-	1,416,986	11,020,069	(25,057,882)	(8,717)	(12,629,544)
Total comprehensive income	-	-	-	-	33,525,963	11,020,069	(25,057,882)	(8,717)	19,479,433
<b>Balance at December 31, 2022</b>	<u>\$ 79,308,216</u>	<u>27,692,943</u>	<u>81,491,665</u>	<u>112,663,858</u>	<u>53,349,944</u>	<u>(6,503,889)</u>	<u>27,101,700</u>	<u>153</u>	<u>375,104,590</u>

## NAN YA PLASTICS CORPORATION

## Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 33,463,992	90,021,361
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	6,828,658	6,522,060
Amortization expense	731,856	1,212,761
Expected credit losses	17,671	36,099
Net losses on financial assets or liabilities at fair value through profit or loss	(192,016)	95,484
Interest expense	1,490,929	1,140,406
Interest income	(91,241)	(48,973)
Dividend income	(3,477,849)	(1,236,905)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(22,596,013)	(48,228,151)
(Gains) losses on disposal of property, plant and equipment	(757,343)	133,396
Property, plant and equipment transferred to expenses	1,050	3,673
Profit from lease modifications	(197)	(784)
Unrealized losses from affiliated companies	19,784	14,985
Unrealized foreign exchange losses	111,810	26,079
<b>Total adjustments to reconcile profit (loss)</b>	<u>(17,912,901)</u>	<u>(40,329,870)</u>
<b>Changes in operating assets and liabilities:</b>		
Decrease (increase) in notes receivable	769,552	(450,348)
Decrease (increase) in accounts receivable (including related parties)	7,951,589	(4,289,852)
Decrease (increase) in other receivable	385,463	(344,776)
Decrease (increase) in inventories	3,660,485	(7,870,361)
Increase in other current assets	(1,244,773)	(166,800)
<b>Total changes in operating assets</b>	<u>11,522,316</u>	<u>(13,122,137)</u>
(Decrease) increase in notes and accounts payable (including related parties)	(3,398,965)	1,584,167
Increase in other payable	629,544	5,127,054
(Decrease) increase in other current liabilities	(184,222)	97,255
Decrease in net defined benefit liability	(1,897,626)	(4,902,130)
<b>Total changes in operating liabilities</b>	<u>(4,851,269)</u>	<u>1,906,346</u>
<b>Total changes in operating assets and liabilities</b>	<u>6,671,047</u>	<u>(11,215,791)</u>
<b>Total adjustments</b>	<u>(11,241,854)</u>	<u>(51,545,661)</u>
Cash inflow generated from operations	22,222,138	38,475,700
Interest received	88,706	51,400
Dividends received	30,513,151	6,893,110
Interest paid	(1,502,480)	(1,140,637)
Income taxes paid	(7,183,421)	(1,507,671)
<b>Net cash flows from operating activities</b>	<u>44,138,094</u>	<u>42,771,902</u>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	4,250	5,963
Proceeds from disposal of financial assets designated at fair value through profit or loss	2,422,695	-
Acquisition of investments accounted for using equity method	(1,000,000)	(2,276,324)
Acquisition of property, plant and equipment	(4,469,443)	(5,814,777)
Proceeds from disposal of property, plant and equipment	763,609	58,623
Increase in refundable deposits	(583,268)	(83,804)
Decrease in other receivables due from related parties	344,762	1,483,834
Increase in other non-current assets	(10,386,101)	(5,319,501)
<b>Net cash flows used in investing activities</b>	<u>(12,903,496)</u>	<u>(11,945,986)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term loans	15,412,218	(9,651,739)
Increase (decrease) in short-term notes and bills payable	18,500,000	(1,300,000)
Proceeds from issuing bonds	-	11,482,080
Repayments of bonds	(10,775,000)	(5,750,000)
Proceeds from long-term debt	14,750,000	2,000,000
Repayments of long-term debt	(4,550,000)	(4,500,000)
Increase in guarantee deposits	82,046	80,269
Decrease in other payables to related parties	-	(3,000,000)
Payment of lease liabilities	(20,464)	(35,148)
Increase in other non-current liabilities	50,021	15,164
Cash dividends paid	(59,374,150)	(19,044,330)
<b>Net cash flows used in financing activities</b>	<u>(25,925,329)</u>	<u>(29,703,704)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(29,773)</u>	<u>(12,001)</u>
<b>Net increase in cash and cash equivalents</b>	5,279,496	1,110,211
<b>Cash and cash equivalents at beginning of period</b>	4,873,673	3,763,462
<b>Cash and cash equivalents at end of period</b>	<u>\$ 10,153,169</u>	<u>4,873,673</u>



# NAN YA PLASTICS CORPORATION

## Statement of Profits Distribution

For the year of 2022

Unit : NT\$

Items	Amount
Available for Distribution:	
1. Unappropriated retained earnings of previous years	19,814,750,411
2. Net Income of 2022	32,108,977,156
3. Reversal of Special Reserve	6,908,391
4. Change in retained earnings results from items other than Net Income	1,419,308,622
Total	53,349,944,580
Distribution Items:	
1. Appropriation of Legal Reserve	3,353,519,417
2. Appropriation of Special Reserve (unrealized investing profit under equity method)	4,817,936,618
3. Distribution of dividends and bonuses in cash (\$3 per share)	23,792,464,767
4. Unappropriated retained earnings carried forward	21,386,023,778
Total	53,349,944,580
Explanation	
<p>1. According to the Article 26 of the Company's Articles of Incorporation, the Board of Directors is authorized to distribute the cash dividends. Such distribution shall be reported to the shareholders' meeting.</p> <p>2. The distribution is \$3 per share in cash, including dividend of \$1.927 and bonus of \$1.073. The total distribution amount to \$23,792,464,767, all of which are from the net income of 2022.</p> <p>3. Legal Reserve is appropriated at 10% of the total of Net Income, Reversal of Special Reserve, and Change in retained earnings results from items other than Net Income.</p> <p>4. Reversal of Special Reserve is to revert the Special Reserve formerly appropriated from the asset revaluation increments as the relevant assets are disposed.</p> <p>5. Change in retained earnings results from items other than Net Income is mainly due to the remeasurement of defined benefit obligation.</p>	

## Independent Auditors' Report

To the Board of Directors of NAN YA PLASTICS CORPORATION:

### Opinion

We have audited the consolidated financial statements of NAN YA PLASTICS CORPORATION ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, 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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of 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 requirement. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. 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. Key audit matters for the Group's financial statements are stated as follows:

#### 1. Revenue recognition

##### How the matter was addressed in our audit

Please refer to note 4(p) "Revenue recognition" for accounting policy related to revenue recognition, and note 6(t) "Revenue" for information related to revenue recognition of the consolidated financial statements.

The operating performance of the Group has an effect on the distribution to its shareholders and stock price. Thus, their financial performance will have an impact on the users of financial statements. Therefore, the veracity and appropriateness of revenue recognition is a key matter when conducting our audit.

Our principal audit procedures included the following:

- (1) Assessing the accounting policies and appropriateness of revenue recognition (including sales returns and discounts).
- (2) Obtaining the list of the top ten newly-added clients and the list of newly added related parties for the current year, inspecting whether the transaction terms are different for normal clients, and reviewing the Consolidated Company's financial position after the reporting period to verify the frequency of the unusual sales returns for the purpose of assessing the appropriateness of revenue recognition.
- (3) Selecting a moderate number of samples from sales invoices to verify that the accounts receivable have been recovered and to ensure that the remitter matches the customer for the purpose of assessing the accuracy of revenue recognition.
- (4) Performing sales cut-off test on the period before and after the financial position date by vouching relevant documents of sales transactions to determine whether sales income, return, and discounts have been appropriately recognized.

## 2. Valuation of inventories

### How the matter was addressed in our audit

Please refer to note 4(h) "Inventories" for accounting policy related to valuation of inventories, and note 6(f) "Inventories, net" for information related to valuation of inventories of the consolidated financial statements.

The amount of inventories shall be disclosed by using the lower of cost or net realizable values. Since the net realizable value is influenced by the international raw material pricing, there is a risk that the cost will exceed the net realizable value. Therefore, the valuation of inventories is a key matter when conducting our audit.

Our principal audit procedures included the following:

- (1) Assessing the appropriateness of inventory valuation policies.
- (2) Ensuring the process of inventory valuation is in conformity with the accounting policies.
- (3) Understanding the net realizable value used by the management, and the variation of the prices in a period after the reporting date, to ensure the appropriateness of the valuation price.
- (4) Assessing whether the disclosure of provision for inventory valuation is appropriate.

## **Other Matter**

We did not audit the financial statements of certain subsidiaries and investee companies, which represented investment in other entities accounted for using the equity method of the Group. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for certain subsidiaries and investee companies, is based solely on the report of other auditors. The financial statements of the aforementioned subsidiaries reflect the total assets constituting 11.83% and 10.95% of the consolidated total assets as at December 31, 2022 and 2021, respectively; and the total revenues constituting 13.05% and 9.45% of the consolidated total revenues for the years ended December 31, 2022 and 2021, respectively. The investment in aforementioned investee companies accounted for using the equity method constituted 11.73% and 13.17% of the consolidated total assets as at December 31, 2022 and 2021, respectively, and the related share of profit of associated and joint ventures accounted for using the equity method constituted 11.91% and 14.13% of consolidated total comprehensive income for the years ended December 31, 2022 and 2021, respectively.

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, 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 with the IFRSs, IASs, IFRC, 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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

Ko, Hui-Chih and Yu, Chi-Lung.

KPMG

Taipei, Taiwan (Republic of China)  
March 8, 2023

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

## **Independent Auditors' Report**

To the Board of Directors of NAN YA PLASTICS CORPORATION:

### **Opinion**

We have audited the financial statements of NAN YA PLASTICS CORPORATION ("the Company"), which comprises the statement of financial position as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of 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 requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. 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. Key audit matters for the Company's financial statements are stated as follows:

#### **1. Revenue recognition**

Please refer to note 4(o) "Revenue recognition" for the accounting policy related to revenue recognition, and note 6(s) "Revenue" for information related to revenue recognition for the individual financial statement.

#### How the matter was addressed in our audit

Nan Ya Plastics Corporation is a listed company and its operating performance has an effect on distribution to its shareholders and stock price. Thus, its financial performance will have an impact on the users of financial statement. Therefore, the veracity and appropriateness of revenue recognition is a key matter when conducting our audit.

Our principal audit procedures included the following:

- (1) Assessing the accounting policies and appropriateness of revenue recognition (including sales returns and discounts).
- (2) Obtaining the list of the top ten newly-added clients and the list of newly added related parties for the current year, inspecting whether the transaction terms are different for normal clients, and reviewing the Company's financial position after the reporting period to verify the frequency of unusual sales returns for the purpose of assessing the appropriateness of revenue recognition.
- (3) Selecting a moderate number of samples from sales invoices to verify that the accounts receivable have been recovered and to ensure that the remitter matches the customer for the purpose of assessing the accuracy of revenue recognition.
- (4) Performing sales cut-off test on the period before and after the financial position date by vouching relevant documents of sales transactions to determine whether sales income, return, and discounts have been appropriately recognized.

#### 2. Valuation of inventories

Please refer to note 4(g) "Inventories" for the accounting policy related to valuation of inventories, and note 6(f) "Inventories, net" for information related to valuation of inventories for the parent-company-only financial statement.

#### How the matter was addressed in our audit

The amount of inventories shall be disclosed by lower of cost or net realizable value. Since the net realizable value is influenced by the international raw material pricing, there is a risk that the cost will exceed its net realizable value. Therefore, the valuation of inventories is a key audit matter when conducting the audit of the individual financial statement.

Our principal audit procedures included the following:

- (1) Assessing the appropriateness of inventories valuation policies.
- (2) Ensuring the process of inventory valuation is in conformity with the accounting policies.
- (3) Understanding the net realizable values used by management and the variation of the prices in a period after the reporting date to ensure the appropriateness of the valuation price.
- (4) Assessed whether the disclosure of provision for inventory valuation is appropriate.



## **Other Matter**

We did not audit the financial statements of certain investee companies, which represented investment in other entities accounted for using the equity method of the Company. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for aforementioned investee companies, is based solely on the report of other auditors. The investment in aforementioned investee companies accounted for using the equity method constituting 20.57% and 21.04% of total assets at December 31, 2022 and 2021, respectively, and the related share of profit of subsidiaries, associates and joint ventures accounted for using the equity method constituting 8.07% and 15.23% of total profit before tax for the years ended December 31, 2022 and 2021, respectively.

## **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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and 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 auditors' 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 and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this 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 statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partners on the audit resulting in this independent auditors' report are

Ko, Hui-Chih and Yu, Chi-Lung.

KPMG

Taipei, Taiwan (Republic of China)

March 8, 2023

#### **Notes to Readers**

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and financial statements, the Chinese version shall prevail.

**Information regarding the Proposed Employees and Directors' Compensation to Adopted by the Board of Directors of the Company:**

1. Amounts of employees' cash compensation, stock compensation, and Directors' compensation:	
Employees Cash Compensation	NT\$ 33,497,489
Employees Stock Compensation	NT\$ 0
Directors Compensation	NT\$ 0
2. Share amount of the employees' stock compensation and the percentage of the share amount to that of all stock dividend:	
Share amount of employees' stock compensation	0 share
percentage of the share amount to that of all stock dividend	0%

The above-listed amount of employees' cash compensation is consistent with the proposed amount adopted by the Board of Directors of the Company.

**Effect upon Business Performance and Earnings Per Share of the Company by the Stock Dividend Distribution Proposed at the Annual Shareholders' Meeting:**

Not applicable since the Company does not propose the stock dividend distribution at the Annual Shareholders' Meeting and does not required to prepare financial forecast information.

## **Articles of Incorporation of Nan Ya Plastics Corporation**

Amended by the Annual Shareholders' Meeting on June 10, 2022

Article 1: The Company was originally named Nan Ya Plastics Processing Co., Ltd, incorporated under the Company Act of the Republic of China, and its name was changed to Nan Ya Plastics Corporation upon the resolution of special shareholders' meeting On August 15, 1967.

Article 2: The scope of business of the Company shall be as follows:

1. C301010 Yarn Spinning Mills
2. C302010 Knit Fabric Mills
3. C303010 Non-woven Fabrics Mills
4. C305010 Printing, Dyeing, and Finishing Mills
5. C601040 Processed Paper Manufacturing
6. C601990 Other Paper Products Manufacturing
7. C801010 Basic Industrial Chemical Manufacturing
8. C801020 Petrochemical Manufacturing
9. C801060 Synthetic Rubber Manufacturing
10. C801100 Synthetic Resin & Plastic Manufacturing
11. C801110 Fertilizer Manufacturing
12. C801120 Manmade Fiber Manufacturing
13. C801990 Other Chemical Materials Manufacturing
14. C802041 Drugs and Medicines Manufacturing
15. C802120 Industrial Catalyst Manufacturing
16. C802170 Poisonous and Concerned Chemical Material Manufacturing
17. C802200 Paints, Varnishes, Lacquers, Dyeing Mills and Dyestuff Manufacturing
18. C805010 Plastic Sheets, Pipes and Tubes

Manufacturing

19. C805020 Plastic Sheets & Bags Manufacturing

20. C805070 Strengthened Plastic Products

Manufacturing

21. C805990 Other Plastic Products Manufacturing

22. C901020 Glass and glass made products

Manufacturing

23. C901060 Refractory Materials Manufacturing

24. CB01010 Machinery and Equipment Manufacturing

25. CB01030 Pollution Controlling Equipment

Manufacturing

26. CB01990 Other Machinery Manufacturing Not  
Elsewhere Classified

27. CC01010 Electric Power Supply, Electric  
Transmission and Power Distribution Machinery

Manufacturing

28. CC01080 Electronic Parts and Components

Manufacturing

29. CC01090 Batteries Manufacturing

30. CQ01010 Die Manufacturing

31. CZ99990 Other Industrial Products Manufacturing

Not Elsewhere Classified

32. D101050 Steam and Electricity Paragenesis

33. D401010 Heat Energy Supplying

34. E599010 Pipe Lines Construction

35. E601010 Electric Appliance Construction

36. E603050 Cybernation Equipment Construction

37. E604010 Machinery Installation Construction

38. EZ15010 Warming and Cooling Maintenance  
Construction

39. HHHHH701020 Industrial Factory Buildings Lease Construction and Development
40. H701040 Specialized Field Construction and Development
41. I199990 Other Consultancy
42. ID01010 Metrological Instruments Identify
43. IZ99990 Other Industry and Commerce Services Not Elsewhere Classified
44. J101030 Waste Clearing
45. J101040 Waste Disposing
46. J101050 Sanitary and Pollution Controlling Services
47. J101060 Wastewater (Sewage) Treatment
48. CE01021 Metrological Instruments Manufacturing
49. CF01011 Medical Devices Manufacturing
50. F108031 Wholesale of Medical Devices
51. F208031 Retail Sale of Medical Apparatus
52. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company shall have its head office in Kaohsiung City. The Board of Directors may decide to set up subsidiaries, plants and branch offices at various locations within and without the territory of the Republic of China as necessary. Their establishment or change or abolishment shall be managed upon the resolutions of the Board of Directors.

Article 4: Public announcements of the Company shall be published in accordance with Article 28 of the Company Act.

The Company may provide guarantees for related parties.

The total investment amount of the Company may exceed forty percent of the paid-in capital.

Article 5: The total capital of the Company shall be in the amount of 79,308,215,890 New Taiwan Dollars, divided into 7,930,821,589 shares, at a par value of 10 New Taiwan Dollars per share, issued in full.

Article 6: The Company may be exempted from printing any share certificates in accordance with relevant regulations. However, those shares shall be registered in a centralized securities depository enterprise.

Article 7: (deleted)

Article 8: (deleted)

Article 9: The shareholders shall submit their seal specimen to the Company for record. Afterward, the shareholders shall receive the dividend or exercise their rights in writing against the specimen kept by the Company.

Article 10: In the event that the seal specimen is lost or stolen, the shareholders shall fill out the application of lost seal with detailed share certificate numbers and shares and submit the same along with identity documents and copies, new seal specimen and share certificates to the Company for registration. The new seal card will be replaced upon approval and will be effective on the next day of completed registration.

When preceding replacement of seal specimen is entrusted to others or managed by communication, the individual shareholder shall also have the seal certificate issued by the Householder Registration Office enclosed; while the application shall be enclosed by the corporate shareholders.

Article 11: No transfer of share certificates shall be permitted within 60 days prior to a regular shareholders' meeting, 30 days prior to a special shareholders' meeting, or within 5 days prior to the record day on which a dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Article 12: The shareholders' meetings of the Company are divided into two types as follows:

Regular meetings: shall be convened by the Board of Directors within 6 months after the close of each fiscal year.

Special meetings: shall be convened pursuant to Company Act as necessary.

The notice and announcement of regular shareholders' meeting shall be given to shareholders within 30 days in advance, while the notice and announcement of the special shareholders' meetings shall be given to shareholders within 15 days in advance.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Article 13: Each share of stock owned by shareholders shall be entitled for one vote, except for those shares without voting rights as set forth in Article 179, paragraph 2 of the Company Act.

If a shareholder is unable to attend a meeting, who may sign and show the proxy with extinct scope of authorization issued and appoint a representative to attend it. Except for the trust business or stock affairs



agency as approved by the competent securities authority, the voting rights of a shareholder representing two and more shareholders shall not exceed 3% of total shares issued and the voting shares exceeding the percentage will be excluded from the calculation. After the proxy is delivered to the Company, the shareholder shall give written notice of proxy cancellation at least two days before the meeting if the shareholder intends to attend the meeting in person or to exercise voting rights in writing or via electronic method. For cancellation beyond the deadline, the voting rights exercised by the proxy shall prevail.

Article 14: Except otherwise provided in the Company Act, the resolutions of shareholders' meeting shall be adopted by a majority vote of the shareholders' present, who represent more than one-half of the total number of voting shares.

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting. The minutes of shareholders' meeting shall record the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting. The electronic method may be adopted for the production and distribution of meeting minutes.

The distribution of preceding meeting minutes may be replaced by the announcement made on the MOPS.

Article 15: The Chairman of the Board of Directors shall preside

over the shareholders' meetings. In the Chairman's absence or in case that the Chairman is unable to exercise rights for causes, the Vice Chairman shall act on his behalf. In the absence of in case that the Vice Chairman is unable to exercise rights for causes, the Chairman of the Board of Directors shall designate one Managing Director to act on his behalf. If the Chairman of the Board of Directors does not designate any proxy to preside over the meeting, the Managing Directors shall elect one from among themselves as the chairman.

Article 16: The Company shall have 9 to 15 directors, to be elected at the shareholders' meeting from the nominees listed in the roster of candidates under the candidate nomination system. The terms of office of directors shall be three years and they shall be eligible for re-election.

The Company shall have at least three independent directors among the directors above. The matters regarding method of nomination and other matters shall be conducted in accordance with the Company Act and related regulations of competent securities authority.

The Company shall have the Audit Committee organized by all independent directors in accordance with Article 14-4 of the Securities Exchange Act. For matters regarding the competence and related events, the Company shall follow the Securities Exchange Act and other relevant laws and regulations.

The Board of Directors is authorized to determine the compensation of directors according to their degree of participation and contribution with normal standard in the same industry.

The Company may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.

Article 17: The directors constitute the Board of Directors and shall elect at least three Managing Directors, which shall not more than one-third of total number of the directors, from among themselves by a majority vote at a meeting attended by over two-thirds of the directors. At least one of the Managing Directors shall be an independent director. Meanwhile, the Managing Directors shall elect among them a Chairman and a vice Chairman from each other in accordance with the manner set forth in the preceding Paragraph. The Chairman shall represent the Company.

Article 18: The Chairman of the Board of Directors shall preside of the meeting of the Board of Directors. In the absence of the Chairman or in case that he is unable to exercise rights for causes, the Vice Chairman of the Board of Directors shall act on his behalf. If the Vice Chairman is absent or in case that he is unable to exercise rights for causes, the Chairman of the Board of Directors shall designate one of the Managing Directors to act on behalf of him. If the Chairman of the Board of Directors does not designate any deputy on his behalf, the Managing Directors or Directors of the Board shall elect one from among themselves as deputy.

Unless there is regulation specified otherwise in the Company Act, the resolutions of the Board of Directors of the Company shall be adopted by a majority vote of the shareholders' present, who represent more than

one-half of the total number of voting shares.

The directors shall attend meeting in person. Except for regulations provided otherwise by the Company Act for directors living abroad, if any Director of the Board of the Company cannot attend the meeting for causes, he may issue a written proxy to other directors for attending the meeting. However, a director may accept the appointment to act as the proxy with extinct extent of authorization of one other director only. In case a meeting of the Board of Directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

In calling a meeting of the Board of Directors, the notice with reasons specified shall be given to all directors within 7 days in advance. However, the meeting may be convened anytime for emergency events. The notice of the meeting of the Board of Directors may be made in writing, email or facsimile.

Article 19: The functions and powers of Board of Directors:

1. Review important articles and bylaws of the Company.
2. Review operational guidelines of the Company.
3. Draw up the budget and final account of the Company.
4. Prepare the proposal concerning the appropriation of net profits of the Company.
5. Prepare the capital increment or reduction of the Company.
6. Employ or discharge important personnel of the Company.

7. Review business reports of the Company.
8. Determine the procurement and disposition of important properties of the Company.
9. Other functions empowered by the laws and regulations and shareholders' meeting.

The Board of the Directors may authorize the Chairman to exercise functions of the Board during the adjourned period. Except for the material interest or related parties transactions involved to be resolved by the Board of Directors pursuant to the laws of related articles, the content of authorization is as follows:

1. Approve all important contracts.
2. Approve the mortgage loan of real estate and other loans.
3. Approve acquisition or disposal of the general assets and real estate.
4. Assign the directors and supervisors of the investee.
5. Approve the record date of capital increment or reduction and divided distribution.

Article 20: (deleted)

Article 21: The Company may have certain number of managers. Their employment, discharge and compensation shall be managed in accordance with Article 29 of the Company Act.

Article 22: (deleted)

Article 23: The president shall manage the daily operation of the Company pursuant to the order of Chairman and the resolutions of the Board of Directors.

Article 24: The fiscal year of the Company shall be from January 1 to December 31 every year. After the close of each fiscal

year, the Board of Directors shall prepare following statements and records and submit the same to the general meeting of shareholders for ratification:

1. The business report;
2. The financial statements; and
3. The surplus earning distribution or loss off-setting proposals.

Article 25: When allocating the net profits for each fiscal year, the Company shall set aside 0.05% to 0.5% of the balance of pre-tax profit prior to deducting employees compensation as compensation of employees. However, the Company's accumulated losses shall have been covered.

The resolution of employees compensation pursuant to Article 235-1 of the Company Act.

Article 26: Where there is surplus of the annual final account, when allocating the net profits for each fiscal year, the Company shall first pay its income tax and offset its prior years' accumulated losses and set aside 10% legal capital reserve and special earning reserve as necessary followed by the dividend. For remaining surplus incorporated with the accumulated earning in previous years, the Board of Directors shall prepare the proposal concerning the appropriation of net profits and is authorized to distribute dividends paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by over two-thirds of the directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The dividends paid in stock shall be submitted for the approval in a shareholders' meeting.

Preceding special earning reserves include:

1. The earning reserved recognized for special purpose
2. Investment income recognized under the equity method
3. The net assessment income recognized due to financial product transactions, however, when the accumulated amount is reduced, the equal amount of special earning reserve shall be reduced simultaneously and up to the reserved number.
4. Other special earning reserve pursuant to laws and regulations

The Company is in matured phase of business cycle with stable profit every year. The dividend policies adopt the combination of cash dividend, capital increment by earning and by capital reserve. At least 50% of distributable earning deducted by the legal and special reserve shall be distributed, and the cash dividend shall be prioritized. Meanwhile, the percentage of capital increment by earning and capital reserve shall not exceed 50% of all dividend in that year.

Article 27: The bylaws and enforcement rules of the Company shall be established otherwise.

Article 28: Matters not provided for in these Articles of Incorporation shall be governed by the Company Act and other relevant laws.

Article 29: These Articles of Incorporation were adopted on July 26, 1958. The 1st Amendment was on July 15, 1960, 2nd Amendment on June 25, 1961, 3rd Amendment on July 15, 1962, 4th Amendment on Sept. 15, 1962, 5th Amendment on Nov. 3, 1962, 6th Amendment on Dec.

16, 1962, 7th Amendment on Jan. 31, 1963, 8th Amendment on Apr. 22, 1963, 9th Amendment on Apr. 15, 1964, 10th Amendment on Oct. 20, 1964, 11th Amendment on Apr. 13, 1965, 12th Amendment on Aug. 3, 1965, 13th Amendment on May 15, 1966, 14th Amendment on Sept. 12, 1966, 15th Amendment on Apr. 1, 1967, 16th Amendment on Aug. 15, 1967, 17th Amendment on Mar. 21, 1968, 18th Amendment on Apr. 11, 1969, 19th Amendment on Apr. 11, 1970, 20th Amendment on Apr. 10, 1971, 21st Amendment on Mar. 11, 1972, 22nd Amendment on Mar. 10, 1973, 23rd Amendment on Mar. 11, 1974, 24th Amendment on Mar. 20, 1975, 25th Amendment on Mar. 22, 1976, 26th Amendment on Aug. 27, 1976, 27th Amendment on Mar. 23, 1977, 28th Amendment on Mar. 20, 1978, 29th Amendment on Mar. 19, 1979, 30th Amendment on Mar. 19, 1980, 31st Amendment on Mar. 20, 1981, 32nd Amendment on Apr. 2, 1982, 33rd Amendment on Apr. 1, 1983, 34th Amendment on Apr. 6, 1984, 35th Amendment on Apr. 8, 1985, 36th Amendment on Apr. 7, 1986, 37th Amendment on Mar. 26, 1987, 38th Amendment on Apr. 14, 1988, 39th Amendment on Apr. 14, 1989, 40th Amendment on Apr. 27, 1990, 41st Amendment on Apr. 30, 1991, 42nd Amendment on Apr. 30, 1992, 43rd Amendment on Apr. 30, 1993, 44th Amendment on Apr. 12, 1994, 45th Amendment on Apr. 26, 1995, 46th Amendment on May 8, 1996, 47th Amendment on May 20, 1997, 48th Amendment on May 22, 1998, 49th Amendment on June 10, 1999, 50th Amendment on June 9, 2000, 51st Amendment on May



29, 2001, 52nd Amendment on May 31, 2002, 53rd Amendment on June 6, 2003, 54th Amendment on May 21, 2004, 55th Amendment on June 3, 2005, 56th Amendment on June 23, 2006, 57th Amendment on June 22, 2007, 58th Amendment on June 13, 2008, 59th Amendment on June 11, 2009, 60th Amendment on June 22, 2010, 61st Amendment on June 21, 2011, 62nd Amendment on June 21, 2012, 63rd Amendment on June 24, 2013, 64th Amendment on June 19, 2014, 65th Amendment on June 23, 2015. The articles in related with addition of Audit Committee and deletion of Supervisors will be applied upon the expiry of the term of office of Supervisors selected in the shareholders' meeting on June 24, 2013. The 66th Amendment on June 23, 2016, 67th Amendment on June 19, 2018, 68th Amendment on June 10, 2022.

# **Rules of Procedure for Shareholders' Meetings of Nan Ya Plastics Corporation**

Amended by the Annual Shareholders' Meeting on July 27, 2021

Article 1: To establish a strong governance system and sound supervisory capabilities for the Company's shareholders' meetings, and to strengthen management capabilities, these Rules are adopted pursuant to the Corporate Governance Best Practice Principles for Taiwan Stock Exchange Corp ("TWSE")/ Taipei Exchange ("TPEX") Listed Companies.

Article 2: The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.

Article 3: Unless otherwise provided by law or regulation, the Company's Shareholders' Meetings shall be convened by the Board of Directors.

A notice to convene an annual shareholders' meeting shall be given to each shareholder no later than 30 days prior to the scheduled meeting date; while a notice may be given to registered shareholders who own less than 1,000 shares of nominal stocks no later than 30 days prior to the scheduled meeting date in the form of a public announcement on the Market Observation Post System (MOPS) of the TWSE. A notice to convene a special shareholders' meeting shall be given to each shareholder no later than 15 days prior to the scheduled meeting date. A public notice may be given to registered shareholders who own less than 1,000 shares of nominal stocks no later than 15 days prior to the scheduled meeting date in the form of a public announcement on the MOPS of the TWSE.

To convene a shareholders' meeting, the Company shall prepare a meeting handbook. The Company shall prepare electronic versions of a shareholders' meeting notice and proxy forms, and causes 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 MOPS no later than 30 days prior to the scheduled Annual Shareholders' Meeting date or no later than 15 days prior to the scheduled Special Shareholders' Meeting date. The Company shall prepare electronic versions of a shareholders' meeting handbook and supplemental meeting materials and upload them to the MOPS no later than 21 days prior to the scheduled Annual Shareholders' Meeting date or no later than 15 days prior to the scheduled Special Shareholders' Meeting date. In addition, the Company shall also have prepared a shareholders' meeting handbook and supplemental meeting materials and made them available for review by shareholders at any time no later than 15 days prior to the scheduled Shareholders' Meeting date. The Meeting Agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent engaged by the Company as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the Articles of Incorporation, capital reduction, application to be delisted from public offering, lifting of non-competition restriction of directors, capital increase by retained earnings, capital increase by capital reserve, dissolution, merger, or demerger of the corporation, or any matter under Paragraph 1 of Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.

Where the meeting agenda has specified general re-elections

of the directors and the terms of the directors' office, the terms of office of the directors shall not be altered by raising an extraordinary motion or any other method upon the completion of the general elections at the shareholders' meeting.

A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a proposal for discussion at an annual 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 paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the Agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill social responsibilities, and the providing procedure shall be in accordance with Article 172-1 of the Company Act.

Prior to the book closure date before an annual shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, the method of receiving such proposals (whether written or in electronic form), and the location and time period for their submission; 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 Annual Shareholders' Meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the Shareholders' Meeting the

Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4: For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the power authorized to the proxy.

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 the Company no later than 5 days prior to the Shareholders' Meeting date. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to revoke the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights in writing or by way of electronic transmission, a written notice of proxy rescission shall be submitted to the Company no later than 2 days prior to the meeting date. If the rescission notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5: The venue for a shareholders' meeting shall be the premises of the Company, 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: The Company 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.

The Company 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.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company shall not impose arbitrary requirements on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Solicitors soliciting proxy forms shall also bring identification documents for verification.

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: If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman.

When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the Vice Chairman shall act in place of the Chairman; if there is no Vice Chairman or the Vice Chairman also is on leave or for any reason unable to exercise the powers of the Vice Chairman, the Chairman shall appoint one of the Managing Director to act as chair, or, if there are no Managing Directors, one of the Directors shall be appointed to act as chair. Where the Chairman does not make such a designation, the Managing Directors or the Directors shall select from among themselves one person to serve as chair.

When a Managing Director or a Director serves as chair, as referred to in the preceding paragraph, the Managing Director or Director shall be one who has held that position for 6 months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the Chairman, that a majority of the Directors attend in person, and that at least one member of each functional committee attend as representative.

Attendance details should be recorded in the Shareholders Meeting minutes. If a shareholders' meeting is convened by a party having the convening right but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company 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: The Company, 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: Quorum at shareholders' meetings shall be calculated based on numbers of shares. The quorum shall be calculated according to the shares indicated by the sign-in cards handed in plus the number of shares whose voting rights are exercised in writing or by way of electronic transmission.

The Chair shall call the meeting to order at the appointed meeting time, and meanwhile shall announce the related information about the total number of shares held by shareholders having no voting right and the total number of shares represented by the shareholders present at the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chair may announce a postponement, provided that no more than two

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

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

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

Article 10: If a shareholders' meeting is convened by the Board of Director, the meeting agenda shall be set by the Board of Directors. The relevant proposals (including extraordinary motions and amendment to original proposals) shall be decided by voting on a case-by-case basis. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party having the convening right that is not the Board of Directors.

The Chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the Chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by a



majority of the votes represented by the attending shareholders, and then continue the meeting.

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

Article 11: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the Chair.

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

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

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

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

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

Article 12: Voting at a shareholders' meeting shall be calculated based on 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 the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

In case a director of the Company has created a pledge on the Company's shares more than half of the Company's shares being held by him/her/it at the time he/she/it is elected, the voting power of the excessive portion of shares shall not be exercised.

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

With the exception of a trust enterprise or a stock agency 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 voting shares, otherwise, the portion of excessive voting rights shall not be counted.

**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 paragraph 2 of Article 179 of the Company Act.

When the Company holds a shareholders' meeting, shareholders shall exercise their voting rights by way of electronic transmission and may exercise their voting rights in writing. When voting rights are exercised in writing or by way of electronic transmission, the method for exercising the voting rights shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights in writing or by

way of electronic transmission 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 in writing or by way of electronic transmission under the preceding paragraph shall deliver a written declaration of intent to the Company no later than 2 days prior to the scheduled shareholders' meeting date. When duplicate declarations of intent are delivered, the one received earliest by the Company shall prevail, except when a declaration is made to revoke the earlier declaration of intention.

After a shareholder has exercised voting rights in writing or by way of electronic transmission, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to rescind the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, no later than 2 days prior to the scheduled shareholders' meeting date. If the notice of rescission is submitted after that time, the voting rights already exercised in writing or by way of electronic transmission shall prevail.

When a shareholder has exercised voting rights both in writing or by way of electronic transmission 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 the Company's Articles of Incorporation, the adoption 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 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.

In addition to the proposals on the meeting agenda, when a shareholder wishes to propose an extraordinary motion, the shareholder's voting rights shall represent at least 1% or more of the Company's total issued shares.

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 the Company.

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: The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected and not elected as directors, and the numbers of votes with which they were elected and not 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. The meeting minutes may be produced and distributed in electronic form.

The Company 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 (including the weight of the votes), and the number of weighted votes each candidate received in case of a Directors' elections, and shall be retained for the duration of the existence of the Company.

Article 16: On the day of a shareholders' meeting, the Company 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 TWSE regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17: 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 the Company, 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: When a meeting is in progress, the Chair may announce a break based on time considerations. If a force majeure event occurs, the Chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

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

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

Article 19: These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

## Nan Ya Plastics Corporation Shareholdings of Directors

Title	Name	Shareholder Account Number	Shareholding (share)
Chairman	Chia Chau, Wu	016681	79,030
Managing Director	Wen Yuan, Wong	273986	38,291,228
Managing Director	Wilfred Wang Representative of Formosa Petrochemical Corporation	260221	179,214,423
Managing Director	Ruey Yu, Wang	073127	19,052,421
Managing Director (Independent Director)	Chih Kang, Wang	-	0
Independent Director	Yi Fu, Lin	-	0
Independent Director	Yun Peng, Chu	055680	1,199
Director	Ming Jen, Tzou	427610	188,742
Director	Shen Yi, Lee	229135	0
Director	Zo Chun, Jen Representative of Formosa Plastics Corporation	005658	783,356,866
Director	Kuei Yung, Wang	445487	11,164,271
Director	Fong Chin, Lin	253418	25,458
Director	Cheng Chung, Lee	-	0
Director	Chung Yueh, Shih Representative of Formosa Chemicals & Fibre Corporation	006090	413,327,750
Director	Ching Cheng, Chang Representative of Freedom Internation Enterprise Company	655362	3,287,472

Note: According to Article 26 of the Securities and Exchange Act, the minimum shareholdings of the Company's Directors are 126,893,146 shares. As of April 2, 2023, the actual shareholdings of the Company's Directors are 1,447,989,666 shares.