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Nan Ya Plastics Corporation

2023

Annual Report

Notice to readers

This English-version annual report is a translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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I. Letter to Shareholders

1.1. Business Performance for 2023

In 2023, Nan Ya Plastics Corp. (NPC) recorded a consolidated revenue of NT\$259.75 billion, marking a 26.9% decrease from NT\$355.18 billion in 2022; and a consolidated pre-tax income of NT\$9.13 billion, declining by 80.8% compared to NT\$47.55 billion in 2022.

During 2023, there was a significant increase in global inflation, with countries rapidly raising interest rates, leading to a sharp decline in demand. However, the industry added new production capacity, leading to a continuous rise in market supply, and prompting manufacturers to prioritize inventory clearance. This conservative market environment had posed challenges, which was reflected in the overall performance.

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, raw materials, and eco-friendly products with special specifications in order to increase the sales ratio of differentiated and high-value products and expand into healthcare, e-sports, and the automotive industry. 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. As a result of our ongoing efforts, we consistently maintain stable 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 2023, real estate issues in mainland China remained unresolved. After the lifting of pandemic-related restriction, the momentum of recovery was not as expected. Market demand declined, and with the continuous expansion of new production capacity, the oversupply spilled over to overseas regions. The market became highly competitive, leading to an overall decline in profitability for chemical products. Moving forward, we will persistently optimize our processes and bolster our sales in markets beyond mainland China to enhance revenue and profitability.

The polyester products had experienced adverse effects due to the decline in end-consumer demand, primarily attributed to inflation and interest rate hikes. Brand owners and downstream customers had been consistently adapting by adjusting their inventory levels accordingly. Additionally, intense competition from mainland Chinese counterparts, who were aggressively lowering prices to secure orders, had resulted in lower-than-anticipated sales and an overall decline in profits.

With the rise of global environmental awareness, there are unlimited opportunities for recycling and the circular economy. The demand for polyester products primarily depends on the recycling of PET bottles. The Company has proactively pursued the development of polyester items aimed at minimizing carbon emissions and conserving water resources. This includes innovations like naturally colored silk, textile recycling, and highly elastic single-material recyclable silk. Additionally, we focused on broadening the scope of application for polyester fiber products, striving for continued performance growth.

As for electronic materials, there was sluggish demand for consumer electronics in 2023. Despite this, materials for automotive, communication, and

server applications remained stable. Additionally, the supply chain proactively implemented measures to minimize inventory, and the United States heightened its technology control over mainland China. Consequently, customers restricted orders to urgent needs, resulting in a decline in both sales volume and prices across various products compared to 2022. This dual decrease in revenue and profit followed suit.

The electronic materials industry is poised for exciting opportunities on the horizon.

1. The advancement from 5G to 6G in communication technology will enable the progress of related materials to continue.
2. The advancement of electric and autonomous driving in automotive electronics requires the use of materials capable of withstanding higher voltages.
3. Support from low-loss materials is also necessary for large-scale language model training in the field of AI.
4. In advanced semiconductor packaging, thinner circuits, and dielectric layers necessitate the use of new materials.

In addition to wind power construction and related applications, this will drive the improvement of material specifications and the demand for upstream raw materials. The Company will take advantage of full vertical integration both upstream and downstream. We will combine internal research and development with external collaborations to develop high-performance materials, including copper foil substrates, resins, fiberglass fabrics, and copper foils. In addition, we have established a dedicated market expansion department to expand our presence in Taiwan and mainland China, as well as new locations in Southeast Asia. This will accelerate product validation and implementation, ultimately leading to increased sales and profits.

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. However, due to the decline in demand for electronic products such as remote business and home entertainment products, manufacturers rapidly reduced orders to clear excess inventories. Intense competition for orders among industry peers resulted in lower sales and profits in 2023 compared to 2022.

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 its production capacity to meet market demand. In addition, we have worked closely with our customers to jointly develop application IC substrates for cloud server processors, high-end AI chips, and AI personal computer processors. In addition, we have consistently integrated artificial intelligence and big data into our production management to improve the company's operational performance.

Nan Ya Technology Corp., another reinvested company of NPC, is dedicated to developing, manufacturing, and selling DRAM products. In the first half of 2023, major global manufacturers increased their production cuts to address the supply-demand imbalance. In the second half of the year, demand for related products increased due to the popularity of AI applications. The price of DRAM stopped declining and began to rise gradually in the fourth quarter. To counter the sluggish industry outlook, Nan Ya Technology Corp. continued to adjust its product portfolio and implemented various cost improvement initiatives to improve profitability.

DRAM is an essential component in the smartification of electronic products. Major applications include servers, data centers, personal computers, smartphones, and consumer electronics. It is expected that the recovery of DRAM will be stimulated after the regular inventory adjustment of the end market in 2024. In addition to maintaining sales of current products, efforts will be made to strengthen independent development capabilities to enhance long-term competitiveness.

Financial analysis for revenue and expenditure and profitability are as follows:

Item \ Year		2023	2022
Capital Structure (%)	Debt ratio (%)	41.86	40.76
	Long-term fund to property, plant and equipment ratio (%)	233.28	224.45
Profitability	Return on total assets (%)	1.83	6.09
	Return on total equity (%)	2.10	9.35
	Pre-tax income to paid-in capital ratio (%)	11.51	59.96
	Net margin (%)	3.12	10.84
	Earnings per share(NT\$)	0.80	4.05

Note: The calculation of EPS is based on weighted average shares outstanding in each year.

1.2. Business Strategy for 2024

Looking ahead to 2024, global interest rates remain high. The increasing competition between the United States and China in the technology sector, the ongoing war between Russia and Ukraine, and the eruption of the Israeli-Palestinian conflicts have created an unpredictable international situation. In addition, petrochemical production capacity in mainland China has been expanded in recent years, leading to an oversupply and intense competition among industry peers for contracts. As a result, business operations remain challenging.

In addition, trends such as technological innovation, diverse applications of AI, increasing electrification of automobiles, and integration of smart functions into end devices are driving the demand for advanced electronic materials, including high-frequency and high-speed materials. Companies can only make profits by having advanced technologies and products.

Sustainability issues have become an integral part of modern business management. Faced with significant changes in the business environment, companies must proactively adapt and respond. The Company has formed an internal “Sustainable Operation and Development Department” to coordinate

resources across the organization and promote business transformation and sustainable development. The Department's main objectives are as follows:

1. Increase the ratio of high-value and differentiated products while concurrently expanding into new applications and markets.
2. Develop new businesses, products, and technologies to deepen the Company's industrial layout.
3. Apply digital technology, refine AI, and advance digital transformation to achieve intelligent operations.
4. Expand the range of environmentally friendly products, demonstrate commitment to energy conservation and carbon reduction, and actively promote the circular economy.

Under the aforementioned operating strategy, we aim to capture market development trends by focusing on core areas such as high-speed communications, innovative AI applications, new energy vehicles, and automotive electronic substrates. We intend to pioneer materials in the technology industry and develop health-related medical materials, as well as recycling and green technology products. This initiative will drive the development of a series of upstream and downstream industries.

In the future, we will actively improve and upgrade our equipment. We will continuously incorporate artificial intelligence into our equipment and processes, integrate various digital data, and develop a digital management platform. This will optimize the control of production process conditions, improve quality, reduce raw material and energy consumption, achieve intelligent management, and increase NPC's operating efficiency.

The Company has always been committed to protecting the environment by implementing the circular economy. We prioritize water and energy conservation, waste reduction, and recycling activities. By adopting multiple cycles of reuse, our goal is to minimize resource consumption and maximize economic benefits. Furthermore, we have allocated resources to R&D, concentrating on the creation of environmentally friendly high-value green products. Concurrently, we've

forged cross-industry alliances to establish a robust recycling system. This strategic approach enables us to effectively meet our objectives of waste reduction, reuse, and resource utilization.

We are also actively implementing strategies to achieve "Carbon Neutrality by 2050". These strategies include "low-carbon energy transition," "energy conservation and circular economy," "increasing renewable energy usage," "application of carbon capture technology," etc. We have already worked with ITIR and TUV Rheinland to verify the carbon footprint of 13 main products. We are also proactively addressing the opportunities and challenges presented by climate change and improving operational resilience through improved product design, process technology, and supply chain management.

In terms of new expansions and investments, the bisphenol-A (BPA) at Ningbo Plant in China has been operational since 2023. This year, several investments will also be completed successively, including polyester release film, ABF substrates, and blood bag and leukocyte reduction filter system for medical use at Shulin Plant, Taiwan, and the flexible PVC sheeting at Texas Plant in the United States. These investments are expected to generate an annual output value of over NT\$12 billion.

In the upcoming years, the Company will continue with various expansion projects, including the plant solar systems installation in Taiwan, and the expansion of copper foil at Huizhou Plant in China. Moving forward, we will adapt to industry trends and international economic and trade conditions, closely monitoring changes in the supply chain. We will make timely and appropriate investments in new capacity expansion to drive sustainable growth.

Based on the equipment production capacity and in regards to the supply and demand situation of the future market, the estimated sales volume of major products in 2024 is as follows: (including consolidated subsidiaries and inter-company internal turnover)

Product Name	Unit	Estimated Sales Volume	Product Name	Unit	Estimated Sales Volume
Flexible PVC Film	Ton	67,483	1,4BG	Ton	66,669
PVC Leather	Thousand Yard	27,485	EG	Ton	1,605,142
Rigid Film	Ton	95,243	Copper Clad Laminate	Thousand Sheet	63,110
PU Synthetic Leather	Thousand Yard	12,156	Epoxy Resin	Ton	428,560
Plastic Doors and Windows	Ton	27,977	Glass Fabrics	Thousand Meter	469,300
Rigid PVC Pipe	Ton	147,600	Copper Foil	Ton	76,800
BOPP Film	Ton	31,090	Glass Yarn	Ton	146,314
Plasticizer and THPA	Ton	263,118	Printed Circuit Board	Thousand SFT	16,010
PA	Ton	150,635	Polyester Staple fiber, filament, fabric	Ton	938,024
BPA	Ton	586,595	PET Film	Ton	73,802

II. Company Introduction

2.1 Date of Establishment: August 22nd, 1958

2.2 Business Philosophy and Vision:

- (1) Business philosophy: Diligence, perseverance, frugality and trustworthiness; aiming at the sovereign good; perpetual business operation and dedication to the society.

Today, the Company is able to keep expanding, growing, and developing is driven by the business philosophy of “diligence, perseverance, frugality and trustworthiness; aiming at the sovereign good; perpetual business operation and dedication to the society” raised and practiced by the two founders, Mr. Wang Yung-Ching and Mr. Wang Yung-Tsai.

In terms of business operations, the Company understands that only by having a good management foundation can the Company develop steadily without being shaken by changes in objective conditions. Therefore, regardless of production, sales, manpower allocation or resource utilization, the Company has long adhered to the spirit of inquiring into the root of the matter in a practical and realistic way, pursuing the rationalization management bit by bit, constantly pursuing cost reduction and efficiency improvement. This spirit has long been internalized into an important core of our corporate culture, and it is also the drive for the company to pursue progress and sustainable development.

On the other hand, the company believes that while pursuing competitiveness and profits, it must also abide by corporate ethics by basing the management on the positive contribution to the society. Therefore, while developing the business, the Company also continues to devote itself to charitable activities in fields such as education, medical services, and caring for the disadvantaged. The scale is constantly expanded to improve the efficiency and quality in order to fulfill the responsibilities of corporate citizenship.

- (2) Company Vision:

In the various industrial fields in which we are engaged, we will strengthen the internationalization and diversification to achieve world-class scale, and occupy the global leadership position. We will also continue to seek depth and refinement in response to the global changes to ensure long-term stable development.

2.3 Milestone:

The Company was founded in 1958 with the capital of NT\$ 4 million and had reached to NT\$ 79.3 billion at the end of 2023. The consolidated revenue was NT\$ 259.8 billion.

At present, our main business involves various processed plastic products, chemical products, electronic materials, the production and sales of polyester fiber, dyeing and finishing, mechanical and electrical engineering, etc. The Company has become leading plastics processing manufacture, and the production capacity of polyester fiber and copper foil substrate is also among the best.

The Company has been in business for 66 years, and its business expansion can be divided into the following stages:

- 1958 ● “Nan Ya Plastics Processing Factory Co., Ltd.” was established with capitalization of NT\$ 4 million. Kaohsiung Plant went into production.
- 1967 ● Qian Zhen Plant started operation and prepared to construct Taishan Mingzhi Plant.
 - In August, merged "New Eastern Plastics Product Corp." and changed the name as "Nan Ya Plastics Corp.".
 - On November 5th, the stock was listed.
- 1968 ● Mingzhi Plant started operation and prepared to construct polyester fiber plant in October.
- 1969 ● In May, the first set equipment of fiber plant began production and the second set equipment was prepared to construct in October.
- 1971 ● In January the second set cotton producing equipment and silk processing equipment of fiber plant were installed and went into production.
- 1972 ● Renwu Plant went into production and Linkou Plant was prepare to construct.
- 1973 ● Expanded production equipment for 2,000 metric tons of polyester cotton and 1,200 metric tons of polyester yarn.
- 1974 ● In January, equipment for non-woven fabrics, brushed fabrics and wet PU leathers in Shulin Plant Site went into construction.
- 1976 ● In October, added equipment for rigid PVC film, and expanded equipment for brushed fabric and non-woven fabrics.
- 1977 ● Added equipment for rigid PVC film, brushed fabric and non-woven fabrics.
 - In June, the OEM for professional dyeing and finishing of filament nylon was added to Shulin Plant Site, known as Shulin Plant I.
- 1978 ● In January, the first set of doors and windows was launched.
 - In July, Shulin Plant I went into production. Two sets of giant PVC film equipment, PU synthetic leather equipment and improved coil manufacturing equipment were added.

- In October, a joint venture with Huaxia, Cathay Pacific, and Ocean Plastics was established and named as "Taiwan Plasticizer Corp.".
- 1979 ● In June, the OEM for professional dyeing and finishing of filament nylon was added to Shulin Plant Site, known as Shulin Plant II. The printing equipment for Shulin Plant I was also expanded.
- Constructed Chiayi Plant and expanded of 10 sets of PVC film production equipment and 2 sets of rubber production equipment.
- In July, invested and established Nan Ya Plastics Corp. U.S.A.
- 1980 ● In September, merged Formosa Dyeing and Finishing Corp. into Formosa Dyeing Division. Taoyuan Plant I was changed to Dyeing Plant I, Shulin Plant I was changed to Dyeing Plant II, and Shulin Plant III was changed to Dyeing Plant III.
- Added 2 sets of PVC film production equipment and 1 set of mold production equipment.
- 1981 ● Added Dual-axis extension PP film equipment.
Added plastic processing production equipment in Linkou and Renwu Plant.
- 1982 ● Expanded the co-generation equipment in Taishan Plant Site.
- 1983 ● Added giant PVC film equipment and high-speed false twisting machine.
- 1984 ● Added equipment for circuit board printing and copper foil substrates, and expanded production equipment for Formosa Dyeing Plant.
- 1985 ● Added production equipment for circuit board printing, copper foil substrates, fiberglass yarn and microfiber
Renewed the false twisting equipment.
- 1986 ● Expanded polyester film, electronic epoxy resin, and plastic processing machinery equipment.
- 1987 ● Added production equipment for petrochemical raw materials and plastic processing machinery.
- In August, a joint venture with PPG from the United States was established and named as "FPG Fiber Glass Corp.". In December, merged "Taiwan Plasticizer Corp." and established the "Plasticizer Division."
- 1988 ● Expanded production equipment for petrochemical raw materials, circuit board printing, and copper foil substrate.
- 1989 ● Expanded equipment for petrochemical raw materials.
In June, invested and established "Nan Ya Plastics Corp., America".
- 1990 ● Added production equipment for polymer packaging materials for electronics and expanded production equipment for circuit board printing, copper foil, and glass fabric.

- 1991 ● Added spinning production equipment.
- 1992 ● Added production equipment for circuit board printing, epoxy resin, and the second set of power generation equipment in Shulin.
 - In April, invested along with Nan Ya Plastics Corp. and Formosa Chemicals & Fibre Corp. to establish Formosa Petrochemical Corp.
- 1993 ● Added production equipment for rigid PVC film, polyester film, and vacuum evaporation.
- 1994 ● Added production equipment for LCD display and polyester film.
 - Invested in the construction of PVC film, PVC leather and rigid pipes Plant in Guangzhou and Xiamen Area, China in May and June respectively.
 - In July, issued overseas convertible corporate bonds of US\$ 350 million.
- 1995 ● Added production equipment for BOPP stretch film, epoxy resin, glass fabrics, and copper foil substrate.
 - In March, invested and established “Nan Ya Technology Corp.” which engaged in the research, development, design, manufacturing and sales of semiconductors.
 - In August, in order to expand the electronic materials business, the special task group of copper foil substrate, epoxy resin, glass fabrics and copper foil became an independent division from the fourth plastic division, and the electronic materials division was set up.
- 1996 ● Added production equipment for circuit board printing and copper foil.
 - In April, invested and established “Mai- Liao Power Corp”.
 - In June, invested in the construction of PVC film, PVC leather and rigid pipes plant in Nantong Area, China.
 - In July, jointly invested with China Man-Made Fiber Corp. to establish “Nan Chung Petrochemical Corp”.
- 1997 ● Added spinning equipment.
 - In May, sold the ethylene glycol plant to Nan Chung Petrochemical Corp.
 - In October, invested and established “Nan Ya Printed Circuit Board Corp”.
 - In November, Mr. Wang Yung-Ching, the chairman of the board, was exempted from the duty as president. Mr. Wu Chin-Jen, the vice president, was promoted to the president. The assistant vice president, Mr. Lin Zhen-Ling, was promoted to the vice president.
- 1998 ● Added production equipment for ethylene glycol and glass fabrics.

- In October, jointly invested with Formosa Plastics Corp. and Asia Pacific Investment Corp. to established Formosa Automobile Corp.
- In December, increased capital of NT\$ 5.05 billion in cash.
- 1999 ● Added production equipment for chlorinated polyethylene, hydrogen peroxide, epoxidized soybean oil, and A-PET transparent sheet.
- In June, invested and established “Formosa Environmental Technology Corp.” and successively invested in the construction of PVC rigid pipe and film plant in Chongqing Area, China.
- 2000 ● Added production equipment for phthalic anhydride, optical disc, and lithium-ion battery.
- Successively invested in construction of electronic materials, PU synthetic leather, and film plant in Kunshan and Huizhou Area, China.
- Won the Annual Energy Conservation Excellence Award from the Ministry of Economic Affairs in 2000.
- 2001 ● Added production equipment for color filters, optical discs, solid polymer PET and 200T/H power generation equipment.
- Invested and established “Formosa Plastics Marine Corp.” and “Su-Hua Transport Corp”.
- 2002 ● Added production equipment for BOPP film and DVD discs.
- Jointly invested with Formosa Chemicals & Fibre Corp. and King Car Industrial Co., Ltd. to established “Formosa Industries Corp.” in Vietnam.
- In December, to dispersal shares of Nan Ya Circuit Board Corp. before listing, disposed the shares of Nan Ya Circuit Board Corp. with a total amount of NT\$ 219.98 million.
- 2003 ● Added ethylene glycol production equipment.
- In July, issued a five-year overseas registered unsecured exchangeable corporate bonds of US\$ 240 million. Bondholders had the right to exchange their corporate bonds for common stock of Nan Ya Technology Corp.
- In November, to meet the business and management needs, merger Formosa Dyeing Division to Fiber Division.
- In December, invested and established “Nan Ya Photonics Incorporation”.
- 2004 ● In January, to meet the business and management needs, merger switchgear division to engineering and construction division.
- On June 30th, issued the seven-year overseas registered unsecured exchangeable corporate bonds of US\$ 250 million. The bondholders had the right to exchange the Company's bonds with the common stock of Formosa Petrochemical Corp.

- 2005 ● US\$ 240 million of overseas unsecured exchangeable corporate bond with shares of Nan Ya Technology Corp. as the exchange target issued in July 2003 was redeemed on July 17th with the amount of US\$ 217.94 million. On September 7th, the Company bought back the remaining balance of US\$ 21.91 million.
- To dispersal shares of Nan Ya Printed Circuit Board Corp. before listing, disposed 46,100 shares NT\$ 48 per share from June to August successively.
- 2006 ● US\$ 250 million of overseas unsecured exchangeable corporate bond with shares of Formosa Petrochemical Corp. as the exchange target issued in June 2004, its exchange right had all been exercised by January 13th, 2006 with the amount of US\$ 250 million.
- In April, the Company sold 10,200 shares of Nan Ya Printed Circuit Board Corp. at a price of NT\$ 250 per share to cooperate the initial listing of Nan Ya Printed Circuit Board Corp.
- On June 23th, the Chairman, Mr. Wang Yung-Ching, and the Vice Chairman, Mr. Wang Yung-Tsai, resigned. The Board of Managing Director elected Mr. Wu Chin-Jen as the Chairman and the Board of Director resolved to invite Chairman to concurrently serve as the President.
- 2007 ● In June, three independent directors were elected.
- In August, Nan Ya Technology Corp. increased capital of NT\$ 5 billion in cash. The Company subscribed for shares as a specific person with a total amount of NT\$ 198,120,000.
- On November 2nd, the Board of Directors resolved to promote the Vice President, Wu Chia-Chau, as the President.
- 2008 ● In February, Mailiao maleic anhydride (MA), γ -butyrolactone (GBL), and N-methyl-2-pyrrolidone (NMP) plants passed the environmental impact assessment of the Environmental Protection Agency of the Executive Yuan.
- Added production equipment for MA, GBL, and NMP.
- In June, to meet the operation management needs, adjusted the division was organized into four business divisions by products including plastic processing, plastic materials, electronic materials, polyester products and public utilities.
- In October, the founder Mr. Wang Yung-Ching passed away.
- To support the invested companies, Nan Ya Technology Corp. and Inotera Memories Inc., continue developing the DRAM business, advanced manufacturing technology of Micron Technology Inc. was introduced. In November, signed a loan contract of US\$ 200 million

- with Dutch Micron as well as a pledged contracts with Dutch Micron and US Micron.
- The ethylene glycol plant won the Annual Energy Conservation Excellence Award from the Ministry of Economic Affairs in 2008.
- 2009
- In April, the Board of Directors resolved to invest Formosa Synthetic Rubber Corp. with 33.33% shareholding.
 - In June, obtained private common stocks of Nan Ya Technology Corp. with a total amount of NT\$ 4,619,160,000 and subscribed common stocks of Nan Ya Technology Corp. with a total amount of NT\$ 4,270,923,000 in December.
 - In October, Copper Foil Substrate Plant I won the Annual Business Waste Cleaning, Recycling and Reuse Award from the Ministry of Economic Affairs in 2009. In November, Ethylene Glycol Plant was awarded as greenhouse gas reduction and excellent performance unit.
 - In December, the Board of Directors resolved to transfer the equity of Nan Ya Plastics (Chongqing) Co., Ltd.; merged 5 companies included the production and sales of fiber products in Kunshan and steam and power etc.
- 2010
- In March, won the Model Award of the Traditional and Manufacturing Industry of the listed company in the 6th Corporate Social Responsibility Award of Global Views Monthly.
 - In May, Nan Ya Propylene Gentamine (Ningbo) Co., Ltd. increased the production and sales of plasticizers and increased investment of US\$ 36 million and changed its name to Nan Ya Plastics (Ningbo) Co., Ltd.; won the 2009 Environmental Protection Agency's Green Purchasing Excellence Enterprise Award.
 - Set the base date for non-physical stocks for the full issuance of physical stocks on November 30th.
 - In September, Shulin Plant I won the 2010 Annual Energy Conservation Excellence Award from the Ministry of Economic Affairs.
 - In November, Mailiao Recycling Plant won the 2010 Environmental Protection Agency Annual Waste Resource Management Performance Campaign.
 - In December, the Board of Directors resolved to lower the shareholding ratio of Formosa Ha Tien Steel Corp. from 22.5% to 21.25%.
- 2011
- In March, the Board of Directors resolved to invest US\$ 30 million in Formosa Synthetic Rubber (Hong Kong) Corp. Ltd. and reinvested Formosa Synthetic Rubber (Ningbo) Co., Ltd. through Formosa Synthetic Rubber (Hong Kong) Corp. Ltd.

- In May, the Board of Directors resolved to adjust the Company's organizational structure. The Environmental Safety and Health Department was replaced by The safety & Eealth Department and the Resource Recycling Department.
 - In June, the Board of Directors resolved to increase investment in Nan Ya Plastics Construction Materials (Nantong) Co., Ltd. by US\$ 5 million.
 - The Remuneration Committee was set up for the first time on August 26th.
 - In August, the Company invested in China to establish “Nan Ya Property (Kunshan) Co., Ltd”.
 - In October, otton Plant of Polyester Fiber Division won the 2011 Annual Energy Conservation Excellence Award from the Ministry of Economic Affairs.
 - In November, subscribed private common stocks of Nan Ya Technology Corp. with the total amount of NT\$ 11,999,999,998.
 - In December, signed the “Safety Partnership Declaration” with the Labor Inspection Office of the Southern District of the Executive Yuan Labor Committee.
- 2012
- In March, the Board of Directors resolved to increase investment in Vietnam Formosa Ha Tien Steel Corp. by US\$ 170 million.
 - In June, the Board of Directors resolved to merge three companies, PVC film (sheet), PU leather, steam, and electric power products in Nantong City, China and merge another five companies in Kunshan City, which produced and sold electronic materials, steam, and electricity products.
 - In August, the Board of Directors resolved to merge two companies which produce and sell BOPP film, rigid PVC film, and PVC film, and other products in Nantong City.
 - In September, disposed the shares of Nan Ya Technology Corp. with a total amount of NT\$ 835,906,000 and subscribed common stock, issued through cash capital, of Nan Ya Technology Corp. with a total amount of NT\$ 4,236,000,000.
 - In November, won the Outstanding Business Operator Award of Electronic Invoices Promotion from the Ministry of Finance. Copper Foil Substrate Plant I won the 2012 Annual Energy Conservation Excellence Award from the Ministry of Economic Affairs.
 - In December, Kung San Plant and Ethylene Glycol Plant won the 2012 Annual Voluntary Reduction of Greenhouse Gases from the Industrial Bureau of the Ministry of Economic Affairs.

- 2013
- In January, submitted two letters of undertaking to Micron Technology Inc. and signed the financial support and participation contracts to cooperate with the transformation and reengineering of the invested business, Nan Ya Technology Corp.
 - In March, the Board of Directors resolved to invest in Formosa Group (Cayman) Limited with US\$ 12,500.
 - In May, the Board of Directors resolved to invest and establish Formosa Resources Corp. with NT\$ 250,000; participated in the private cash capital increase of Inotera Memories Inc. with a total amount of NT\$ 4 billion.
 - In June, Mr. Wu Chia-Chau started serving as Chairman.
 - In August, announced the introduction of high-quality enterprises AEO certification; won the Contribution Award of Creating Foreign Exchange from the Ministry of Economic Affairs.
 - In September, the Board of Directors resolved to lower the shareholding ratio of Formosa Ha Tien Steel Corp. to 14.75%.
 - In November, Copper Foil Substrate Plant I won the 22th 2013 ROC Environmental Protection Enterprise Environmental Protection Award from the Environmental Protection Agency of the Executive Yuan. Copper Foil Substrate Plant III and Kung San Polyester Film Plant were awarded the 2013 Annual Energy Conservation Outstanding Award and Excellence Award from the Ministry of Economic Affairs respectively. Polyester Fiber Division won the 2013 Environmental Impact Assessment and Development from the New Taipei City Government Environmental Protection Agency.
 - In December, won the 2013 Green Procurement Excellence Award.
- 2014
- In January, disposed 47,700,000 shares of Formosa Petrochemical Corp. with a total amount of NT\$ 3.673 billion; won the high-quality enterprises AEO certification from the Kaohsiung Customs of the Ministry of Finance.
 - In March, the Board of Directors resolved to invest and establish “Formosa Group (Cayman) Ltd.”; Mr. Tzou Ming-Jen, the Senior Vice President, was promoted to the position of Executive Vice President.
 - In April, to promote urban development accordingly with Kaohsiung City Government, Plant of Kaohsiung Plant was moved and change its registered location to 101, Shuiguan Road, Renwu Dist., Kaohsiung City. The re-investment company of Plant 4 of Kunshan glass fabrics started to operate.

- In June, the Board of Directors resolved to dispose and transfer 100% equity of China Nan Ya Property (Kunshan) Co., Ltd.
- In July, adjusted the administrative area accordingly with Mailiao Township in Yunlin County, the location of Mailiao Branch was changed to “1-1, Formosa Plastics Group Industrial Zone, Mailiao, Yunlin County”.
- In September, won the 2013 Green Procurement Excellence Enterprise Award.
- In October, Copper Foil Substrate Plant I won the 2014 23rd ROC Enterprise Environmental Protection Award of the Environmental Protection Agency of the Executive Yuan.
- In November, Spinning Plant III won the 2014 Energy Conservation Excellence Award from the Energy Bureau of the Ministry of Economic Affairs. The founder, Mr. Wang Yung-tsai, passed away.
- 2015 ● In March, the Board of Directors resolved to merge 3 companies including plastics, building materials and rigid film in Guangzhou, and was approved by the Investment Commission (MOEA) in May.
- In May, Nan Ya Plastics America Corp. invested and established “Nan Ya Plastics Corp., Texas” which reinvested the construction of Ethylene Plant.
- Started from July 1st, Mr. Wu Chia-Chau, the Chairman, was exempted from the duty as President and the Executive Vice President Mr. Tzou Ming-Jen was promoted as the President.
- In August, the Board of Directors resolved to adopt the Principles of Corporate Social Responsibility.
- In November, Xingang Copper Foil Substrate Plant I of Electronics Division won the 24th ROC Enterprise Environmental Protection Award. Kung San Site of Fiber Division and Xingang Copper Foil Substrate Plant III of Electronics Division won the 2015 Industry Gas Voluntary Reduction Award. In November, the Board of Directors resolved to reduce the shareholdings proportion of Formosa Ha Tien Steel Corp. to 12.346%.
- In December, the Board of Directors resolved to support Taiwan Micron Technology Inc. acquired Inotera Memories Inc by share transfer and Inotera Memories Inc. became a 100% owned subsidiary of Taiwan Micron Technology Inc. The Company also disposed of 22,000,000 shares of Formosa Petrochemical Corp. with a total amount of NT\$ 1,669,800,000.
- 2016 ● In order to strengthen the sales of film products and take the scale of Polyester Fiber Division into account, the polyester film and release

film products were made independent, and established Polyester Film Division.

- Adjusted indirect shares of Formosa Ha Tien Steel Corp. from 12.346% to 11.432%.
- In June, the Audit Committee was set up to replace the Supervisor.
- In July, Kung San Plant won the 2016 Energy Conservation Excellence Award from the Energy Bureau of the Ministry of Economic Affairs.
- In September, the Board of Directors resolved to acquire 50% shares and technology license of PFG Fiber Glass Corp. as well as acquire 50% shares and technology license of Fiber Glass (Hong Kong) Co., Ltd. from PPG Industries Securities, LLC. The acquisition of both cases were completed on November 18th.
- In November, Mailiao Ethylene Glycol Plant won the 2016 Annual Greenhouse Gas Voluntary Reduction and Excellent Performance Contribution Award from the Industrial Bureau of the Ministry of Economic Affairs. Kung San Plant won the 2016 Annual Voluntary Reduction of Greenhouse Gases.
- In December, won the high-quality enterprises AEO certification from the Kaohsiung Customs of the Ministry of Finance. The Company disposed 442,387,000 shares of Inotera Memories Inc. to Taiwan Micron Technology Inc. at the price of NT\$ 30 per share.
- 2017 ● In March, the Board of Directors resolved to donate NT\$ 125 million to establish the “Kaohsiung Cultural Foundation of Brothers Wang Yung-Ching and Wang Yung-Tsai Park” and increased the investment of “Formosa Resources Corp.” by US\$ 55 million.
- In May, the Board of Directors resolved to increase the investment of “Formosa Ha Tinh (Cayman) Ltd.” through “Nan Ya Plastics International (Cayman) Ltd.” by US\$ 57,160,834. Chiayi Plant II in Chiayi County expanded the PP synthetic paper annual production capacity by 22,000 tons. The Xingang Plant Site invested and constructed Copper Foil Plant IV with an annual production capacity of 18,000 tons.
- In August, to expand the aluminum plastic film production line, the Board of Directors resolved that the mainland “Nan Ya Plastics (Nantong) Co., Ltd.” transferred the surplus to increase the capital by US\$ 10 million.
- In November, the Board of Directors resolved to invest “FG INC” by US\$ 22 million. Mailiao Ethylene Glycol Plant won the 2017 Annual Greenhouse Gas Voluntary Reduction and Carbon Reduction

Contribution Award from the Industrial Bureau of the Ministry of Economic Affairs. Kung San Plant, Electronics Division, Xingang Plant of Engineering Division and the subsidiary, PFG Fiber Glass Corp., won the 2017 Annual Greenhouse Gas Voluntary Reduction. Kung San Plant won the silver medal of the 2017 Energy Conservation Standard Award of the Energy Bureau of the Ministry of Economic Affairs.

- In December, the Board of Directors resolved to increase the investment of “Formosa Ha Tinh (Cayman) Ltd.” through “Nan Ya Plastics International (Cayman) Ltd.” by US\$ 57,160,834.
- 2018 ● In March, the Board of Directors resolved to donate NT\$ 63.4675 million to assist Mailiao Township Office in Mailiao County to construct “Mailiao Township Community Education Park”; “Nan Ya Electronic Materials (Huizhou) Co., Ltd.” expanded product line of CCL, substrate and glass fabrics and planned to conduct a cash capital increase with the amount of US\$ 140 million; the merge of Nan Ya Plastics (Nantong) Co., Ltd. and Nan Ya Plastics Film (Nantong) Co., Ltd. as well as Nan Ya Plastics (Huizhou) Co., Ltd. and Nan Ya Plastics Film (Huizhou) Co., Ltd. were both approved by the Investment Commission (MOEA) in May.
- In May, the Board of Directors resolved to apply to increase investment of “Formosa Synthetic Rubber (Hong Kong) Corp., Ltd.” with the amount of US\$ 65 million to the Investment Commission (MOEA); the Company purchased office building from TransGlobe Life Insurance Inc. and Meifu Construction Co., Ltd.
- In November, Kung San Plant and the subsidiary, PFG Fiber Glass Corp., won the 2018 annual greenhouse gas voluntary reduction.
- 2019 ● In March, the Board of Directors resolved to increase investment to “FG INC” by US\$ 15 million according to the investment framework ; expanded PET release film production equipment in Shulin Plant Site, New Taipei City.
- In May, the Board of Directors resolved to set up the first “Corporate Governance Officer” of the Company.
- In August, the Board of Directors resolved to increase investment to “Formosa Resources Corporation” by US\$81.25 million ; to expand BPA production line, “Nan Ya Plastics (Ningbo) Co., Ltd.” conducted a cash capital increase with the amount of US\$ 80 million.
- In November, Kung San Plant won the 2019 Annual Greenhouse Gas Voluntary Reduction Excellent Manufacturer.

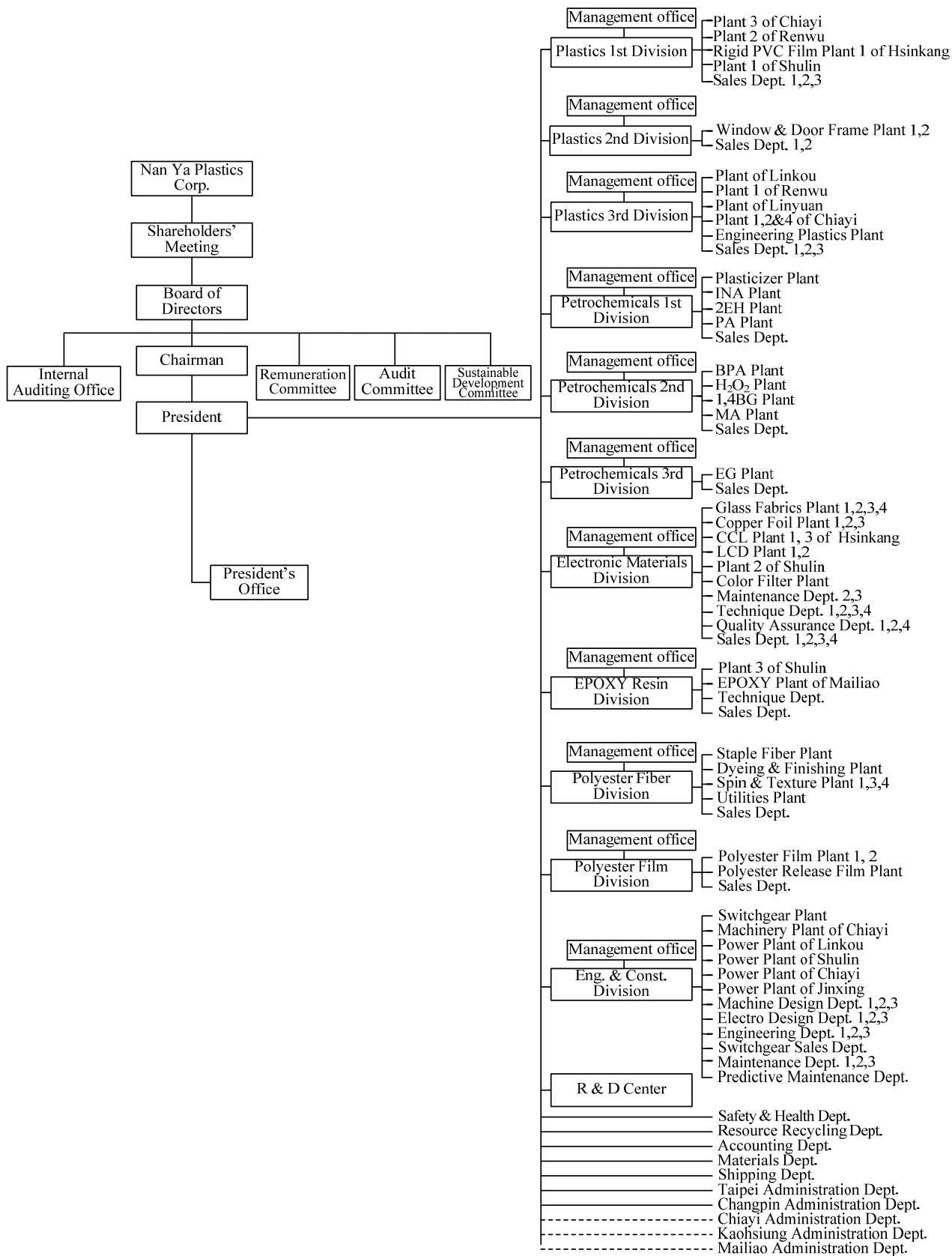
- In December, the Board of Directors resolved to increase investment to “Formosa Synthetic Rubber Corp.” by NT\$46 million.
- 2020 ● In March, the Board of Directors resolved to increase investment to “FG INC” by US\$ 4.3 million according to the investment framework.
- In May, the Board of Directors resolved to adjust the investment framework of “Formosa Ha Tinh Steel Corp.
- In November, the Board of Directors resolved to increase investment to “Formosa Plastics Construction Corp.” by NT\$0.5 billion; Kung San Plant and the subsidiaries of the Company, Nan Ya PCB Corp. Jinshing Campus and FPG Fiber Glass Corp., won the 2020 Annual Greenhouse Gas Voluntary Reduction Excellent Manufacturer respectively.
- 2021 ● In August, the Company, together with Formosa Plastics Corp., Formosa Chemicals & Fibre Corp. and Formosa Petrochemical Corp., donated NT\$ 1 billion for the use of bailouts to help the industries and citizens tide over the difficulties of the epidemic.
- In November, the Company was granted the Gold Award of 2021 Manufacturing Industry Happy Enterprise by 1111 Job Bank.
- In December, the Company signed the Sustainability Linked Loan Contract with Mizuho Bank and Mitsubishi UFJ Bank to maximize the interests of shareholders and take social responsibility and sustainable development into account.
- 2022 ● In March, the Board of Directors resolved to expand production equipment of blood bag and leukocyte reduction filter system in Shulin Plant Site, New Taipei City.
- In May, to expand the copper foil production line of Nan Ya Electronic Materials (Huizhou) Co., Ltd., the Board of Directors resolved to increase investment of USD 210 million; the Board of directors resolved to invest NTD 1.75 billion in Formosa Smart Energy Tech Corp.
- The Sustainable Development Committee was set up for the first time on June 10th.
- In October, BPA Plant won the occupational safety and health excellent unit from Yunlin County Government.
- In November, the Company was granted the Gold Award of 2022 Manufacturing Industry Happy Enterprise by 1111 Job Bank; the product of Nan Ya Ice Cool won the 2022 Low Carbon Product Award of the 4th Annual Enterprises Environmental Protection Award from Environmental Protection Administration; Chiayi Plant I,

- II and Mailiao Plant (EG Plant) won the 2022 Annual Greenhouse Gas Voluntary Reduction Excellent Manufacturer from MOEA.
- In December, PA Plant won the 2022 MOEA Energy Saving Benchmark Award (Silver Award of Team A) from Bureau of Energy, MOEA.
- 2023
- In March, the Board of Directors resolved to donate NTD 90,382,426 to “Kaohsiung Cultural Foundation of Brothers Wang Yung-Ching and Wang Yung-Tsai Park” to promote the restoration and management maintenance of the cultural assets of the park. In addition, to create a tourist attraction with historical and cultural significance, as well as recreational and educational value which aligns with the city's development of urban culture, arts, and tourism policies.
 - In July, in response to the expansion of the scale and sales promotion needs of electronic material products, and considering the product attributes “Epoxy Division” was established.
 - In August, the Board of Directors resolved to increase the investment in “Formosa Resources Corp.” by USD 25 million.
 - In November, the Board of Directors resolved to increase the investment in “Formosa Plastics Construction Corp.” by USD 500 million; disposed 100% equity stake in the indirectly invested business, "Nan Ya Plastics Industry (Guangzhou) Co., Ltd." in Mainland China; relocated the office of Taipei Branch of the Company.
 - In November, the Company was granted the Gold Award of 2023 Manufacturing Industry Happy Enterprise by 1111 Job Bank; Kung San Plant won the 2023 MOEA Energy Saving Benchmark Silver Award from Bureau of Energy, MOEA.; Kung San Plant, Chiayi Plant I and II won the 2023 Industrial Greenhouse Gas Reduction Excellent Manufacturer from Industrial Development Administration of MOEA.
 - In December, Linkou Plant II won the 2023 Resources Circulation Excellent Manufacturer from Ministry of Environment.

III. Corporate Governance

3.1 Organization

3.1.1 Organization Structure



3.1.2 Major Corporate Functions

- (1) Plastics 1st Division
Production and sales of flexible PVC film, PVC leather, rigid PVC film, metallized film, A-PET film, PP synthetic paper, synthetic material, non-woven, PU synthetic leather, etc.
- (2) Plastics 2nd Division
Production and sales of plastic door and window, SMC door, sound insulation door, etc.
- (3) Plastics 3rd Division
Production and sales of rigid PVC pipe, film products, injected products, extruded products, tile products, PP synthetic paper, PVC compound, engineering plastics, UP resin, etc.
- (4) Petrochemicals 1st Division
Production and sales of plasticizers and their upper stream raw materials such as PA, 2EH, etc.
- (5) Petrochemicals 2nd Division
Production and sales of chemical raw materials, i.e. BPA, 1,4BG, MA, etc.
- (6) Petrochemicals 3rd Division
Production and sales of EG products.
- (7) Electronic Materials Division
Production and sales of copper clad laminate, glass fabrics, copper foil, LCD, capacitive touch panel, etc.
- (8) Epoxy Resin Division
Production and sales of epoxy resin.
- (9) Polyester Fiber Division
Production and sales of polyester fiber, PET bottle resin, etc.
- (10) Polyester Film Division
Production and sales polyester film, polyester release film, etc.
- (11) Eng. & Const. Division
Design, production and sales of mechanical equipment; production and sales of types of switchgear and public flow systems.

3.2 Directors, Supervisors and Management Team

3.2.1 Directors

2024.04.21

Title (Note 1)	Nationality/ Place of Incorporation	Name	Gender /Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note 3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Director's Current Position at NPC and Other Companies	Executives or Directors who are Spouses or within Two Degrees of Kinship			Remarks (Note 5)
							Shares	(%)	Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Chairman	R.O.C.	Chia-Chau Wu	Male Above 75	2022.06.10	3	1986.04.07	79,030	-	79,030	-	55,939	-	0	0	B.B.A. in Business Administration, National Chengchi University	Chairman of Nanya Technology Corp. and Nan Ya PCB Corp.	None	None	None	
Managing Director	R.O.C.	Wen-Yuan Wong	Male Above 75	2022.06.10	3	2007.06.22	38,291,228	0.48	37,483,606	0.47	310,457	-	0	0	M.S. in Industrial Engineering and B.S. in Chemical Engineering, University of Houston, Taxes, USA	Chairman of Formosa Taffeta Co., Ltd. Managing Director of Formosa Plastics Corp., Formosa Chemicals & Fibre Corp. and Formosa Petrochemical Corp.	Managing Director	Wen-Chiao Wang	Brother	
Managing Director	R.O.C.	Formosa Petrochemical Corp. Representative Wen-Chiao Wang	- Male 65-74	2022.06.10	3	2007.06.22	179,214,423	2.26	179,214,423	2.26	0	0	0	0	B.S. in Mechanical Engineering, University of London	Managing Director of Formosa Plastics Corp., Formosa Chemicals & Fibre Corp. and Formosa Petrochemical Corp. Chairman of Formosa Plastic Marine Corp. and Nan Ya Photonics Inc.	Managing Director	Wen-Yuan Wong	Brother	N/A
Managing Director	R.O.C.	Ruey-Yu Wang	Female 55-64	2022.06.10	3	2007.06.22	19,052,421	0.24	18,822,421	0.24	0	0	0	0	M.B.A. in International Business Management, National Taiwan University	Managing Director of Formosa Chemicals & Fibre Corp. Chairman of Formosa Biomedical Technology Corp., Formosa Smart Energy Corp., Formosa AdvEnergy Technology Corp.	Director	Kuei-Yung Wang	Sister	
Managing Director (Independent Director)	R.O.C.	Chih-Kang Wang	Male Above 75	2022.06.10	3	2009.06.11	0	0	0	0	0	0	0	0	Ph.D. in Business Administration, Texas A&M University, USA	Senior Advisor of Taishin Financial Holding Co., Ltd. Independent Director of Formosa Sumco Technology Corp.	None	None	None	

Title (Note 1)	Nationality/ Place of Incorporation	Name	Gender /Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note 3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Director's Current Position at NPC and Other Companies	Executives or Directors who are Spouses or within Two Degrees of Kinship			Remarks (Note 5)
							Shares	(%)	Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Independent Director	R.O.C.	Yi-Fu Lin	Male Above 75	2022.06.10	3	2016.06.23	0	0	0	0	0	0	0	0	B.B.A. in Accounting and Statistics, National Chengchi University	Independent Director of Taishin Financial Holding Co., Ltd. and Pan German Universal Motors Ltd. Director of Oneness Biotech Co., Ltd.	None	None	None	
Independent Director	R.O.C.	Yun-Peng Chu	Male 65-74	2022.06.10	3	2011.06.21	1,199	-	1,199	-	0	0	0	0	Ph.D. in Economics, University of Maryland, USA	Chairman of Bojen Care Corp. Independent Director of Asia Cement Corp. and China Petrochemical Development Corp.	None	None	None	
Director	R.O.C.	Ming-Jen Tzou	Male 65-74	2022.06.10	3	1998.05.22	188,742	-	188,742	-	0	0	0	0	Chemical Engineering, Provincial Taipei Institute of Technology	President of NPC Director of Nanya Technology Corp. and Nan Ya Printed Circuit Board Corp.	None	None	None	
Director	R.O.C	Shen-Yi Lee	Male Above 75	2022.06.10	3	2007.06.22	0	0	0	0	26,509	-	0	0	Ph.D. in Law, Chinese Culture University	Vice Chairman of Taiwan New Economic Foundation Independent Director of WIN Semiconductors Corp. and Capital Securities Corp. Director of East-Tender Optoelectronics Corp. and Pharma Essentia Corp.	None	None	None	N/A
Director (Note 6)	R.O.C.	Formosa Plastics Corporation Representative Zo-Chun Jen	- Male Above 75	2022.06.10	3	2007.06.22 1989.04.14	783,356,866 303,377	9.88 -	783,356,866 303,377	9.88 -	0 167,852	0 -	0 0	0 0	B.S. in Electrical Engineering, Tatung Institute of Technology	Advisor of NPC Director of Nan Ya Electronic Materials (Kunshan) Co., Ltd	None	None	None	
Director	R.O.C.	Kuei-Yung Wang	Female Above 75	2022.06.10	3	2007.06.22	11,164,271	0.14	10,750,271	0.14	2,568,086	0.03	0	0	B.S. in Chemistry, University of London	Senior Vice President of NPC Director of Nan Ya Plastics Corp. U.S.A	Managing Director	Ruey-Yu Wang	Sister	

Title (Note 1)	Nationality/ Place of Incorporation	Name	Gender /Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note 3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Director's Current Position at NPC and Other Companies	Executives or Directors who are Spouses or within Two Degrees of Kinship			Remarks (Note 5)
							Shares	(%)	Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relation	
Director (Note 7)	R.O.C.	Fong-Chin Lin	Male Above 75	2022.06.10	3	1992.04.30	25,458	-	25,458	-	43,674,803	0.55	0	0	M.B.A. in Accounting, National Chengchi University	Senior Vice President, NPC Director of Nan Ya Plastics (Hong Kong) Corp.	Managing Director	Wen-Yuan Wong	Affinity	
Director	R.O.C.	Cheng-Chung Lee	Male 65-74	2022.06.10	3	2019.06.12	0	0	0	0	0	0	0	0	B.S. in Chemical Engineering, National Central University	Advisor of NPC	None	None	None	
Director	R.O.C.	Formosa Chemicals & Fibre Corporation	-	2022.06.10	3	2007.06.22	413,327,750	5.21	413,327,750	5.21	0	0	0	0	B.S. in Chemical Engineering, National Taiwan University	Executive Vice President, NPC Director of Nan Chung Petrochemical Corp. and Nan Ya Plastics (Ningbo) Co., Ltd.	None	None	None	N/A
		Representative Chung-Yueh Shih	Male 65-74	2022.06.10		2022.06.10	8,080	-	8,080	-	0	0	0	0						
Director	R.O.C.	Freedom Information Enterprise Company	-	2022.06.10	3	2007.06.22	3,287,472	0.04	3,287,472	0.04	0	0	0	0	B.B.A. in Business Administration, Tungshai University	Director of Fu Tak Investment Company	None	None	None	
		Representative Ching-Cheng Chang	Male 56-64			2007.06.22	1,446,319	0.02	1,446,319	0.02	0	0	0	0						

Note 1: In the case of institutional shareholders, the names and representatives should be indicated respectively (for representatives, the names of institutional shareholders they represent should be indicated) and filled in the table.

Note 2: The actual age should be listed and could be expressed in intervals (e.g., 41~50 or 51~60).

Note 3: Any disruption in duty as a Director or Supervisor after the date of their election should be included in a separate note.

Note 4: The experience relevant to current position i.e., held a position at the accounting firm of its auditing CPAs or at an affiliated enterprise its titles and duties should be clearly stated.

Note 5: The Chairman and the President or equivalent position (the top manager) are the same person, or relatives of each other, such as spouse or within one degree of kinship, should explain the reasons, rationality, necessity and corresponding

measures (such as increasing the number of Independent Directors, more than half of the Directors have not served as employees or managers, etc.): N/A

Note 6: Director Zo-Chun Jen was not re-elected at the shareholders' meeting in 1995 but was elected at the shareholders' meeting on June 24th, 2013.

Note 7: Director Fong-Chin Lin was not re-elected at the shareholders' meeting in 2007 but was elected at the shareholders' meeting on June 24th, 2013.

Note 8: "-" indicates the shareholding ratio is less than 0.01%.

Major shareholders of the institutional shareholders

2024.04.21

Name of Institutional Shareholders (Note 1)	Major Shareholders (Note 2)
Formosa Petrochemical Corp.	<ol style="list-style-type: none"> 1. Formosa Plastics Corp. (28.56%) 2. Formosa Chemicals & Fibre Corp. (24.15%) 3. Nan Ya Plastics Corp. (23.11%) 4. Chang Gung Medical Foundation (5.79%) 5. Formosa Taffeta Co., Ltd. (3.83%) 6. Standard Chartered Bank (Taiwan) Ltd. In Custody for Genesis Equity Group Inc. (0.60%) 7. Cathay Life Insurance Co., Ltd. (0.51%) 8. HSBC Bank (Taiwan) Limited In Custody for Power Unlimited Corp. (0.51%) 9. Standard Chartered Bank (Taiwan) Ltd. In Custody for Central Capital Management Inc. (0.49%) 10. HSBC Bank (Taiwan) Limited In Custody for Pacific Light and Power Corp. (0.48%)
Formosa Plastics Corp.	<ol style="list-style-type: none"> 1. Chang Gung Medical Foundation (9.44%) 2. Formosa Chemicals & Fibre Corp. (7.65%) 3. Credit Suisse AG- Credit Suisse Singapore Branch (6.26%) 4. Nan Ya Plastics Corp. (4.63%) 5. Chindwell International Investment Corp. (4.16%) 6. Vanson International Investment Co., Ltd. (3.05%) 7. Formosa Petrochemical Corp. (2.07%) 8. Ming Chi University of Technology (1.43%) 9. Citibank Taiwan Limited In Custody for Government of Singapore (1.37%) 10. Labor Pension Fund (1.17%)
Formosa Chemicals & Fibre Corp.	<ol style="list-style-type: none"> 1. Chang Gung Medical Foundation (18.58%) 2. Chindwell International Investment Corp. (6.35%) 3. Vanson International Investment Co., Ltd. (3.80%) 4. Formosa Plastics Corp. (3.39%) 5. Nan Ya Plastics Corp. (2.40%) 6. Wen-Yuan Wong (2.20%) 7. Consolidated Power Development Corp. (1.63%) 8. Standard Chartered Bank (Taiwan) Ltd. In Custody for Genesis Equity Group Inc. (1.51%) 9. HSBC Bank (Taiwan) Limited In Custody for Consolidated Power Development Corp. (1.45%) 10. Bank of Taiwan In Custody for Wang Jhan-Yang Social Welfare Found (1.45%)
Freedom International Enterprise Company	Freedom International Enterprise Inc. (100%)

Note 1: Directors and supervisors acting as the representatives of institutional shareholders shall indicate the names of the institutional shareholders.

Note 2: The name of major shareholders of the institutional shareholders (its 10 largest shareholders) and the holding percentage of each shall be noted. If any of those shareholders is an institutional shareholder should fill out the following table.

Note 3: If the institutional shareholder is not a company, the names and shareholding ratio of shareholders should be disclosed, that is, the name and the contribution or donation ratio of investor or donor (please refer to the announcement of Judicial Yuan). If the donor has passed away, "Deceased" should be noted.

Major shareholders of the Company's major institutional shareholders

2024.04.21

Name of Institutional Shareholders (Note 1)	Major Shareholders (Note 2)
Chang Gung Medical Foundation	1. Nan Ya Plastics Corp. (17.98%) 2. Formosa Chemicals & Fibre Corp. (13.84%) 3. Formosa Plastics Corp. (13.28%) 4. Mr. Wang Yung-Tsai (Deceased) (11.24%) 5. Mr. Wang Yung-Ching (Deceased) (7.35%)
Formosa Taffeta Co., Ltd.	1. Formosa Chemicals & Fibre Corp. (37.40%) 2. Chang Gung Medical Foundation (5.79%) 3. Yu Yuang Textile Co., Ltd. (2.55%) 4. Min- Xiong Lai (2.25%) 5. Chang Gung University (2.20%) 6. Chang Gung University of Science and Technology. (2.13%) 7. Ming Chi University of Technology (1.87%) 8. Taiwan Life Insurance Co., Ltd. (1.59%) 9. Asia Pacific Investment Co., Ltd. (1.43%) 10. Citibank Taiwan Limited In Custody for Macro System Corp. (0.94%)
Standard Chartered Bank (Taiwan) Ltd. In Custody for Genesis Equity Group Inc.	Investment Account
Cathay Life Insurance Co., Ltd.	Cathay Financial Holdings Co., Ltd.
HSBC Bank (Taiwan) Limited In Custody for Power Unlimited Corp.	Investment Account
Standard Chartered Bank (Taiwan) Ltd. In Custody for Central Capital Management Inc.	Investment Account
HSBC Bank (Taiwan) Limited In Custody for Pacific Light and Power Corporation	Investment Account
Credit Suisse AG- Credit Suisse Singapore Branch	Investment Account
Chindwell International Investment Corp.	Everred Corporate, Inc. (100%)
Vanson International Investment Co., Ltd.	Landmark Capital Holdings Inc. (100%)
Ming Chi University of Technology	1. Mr. Wang Yung-Ching (Deceased) (43.13%) 2. Mr. Wang Yung-Tsai (Deceased) (38.72%) 3. Formosa Plastics Corp. (5.07%) 4. Chindwell International Investment Corp. (3.73%) 5. Formosa Chemicals & Fibre Corp. (1.66%)
Citibank Taiwan Limited In Custody for Government of Singapore	Investment Account
Labor Pension Fund	NA
Consolidated Power Development Corp.	Cabo de Roca Corporation (100%)
Bank of Taiwan In Custody for Wang Jhan-Yang Social Welfare Found	Charitable Trust Account
Freedom International Enterprise Inc.	United Rich Investment Holding Ltd. (100%)

Note 1: If any major shareholder is a corporation, its corporate name should be stated.

Note 2: The major shareholders of the corporation (its 10 largest shareholders) and the holding percentage of each shall be noted.

Note 3: Note 3: If the institutional shareholder is not a company, the names and shareholding ratio of shareholders should be disclosed, that is, the name and the contribution or donation ratio of investor or donor (please refer to the announcement of Judicial Yuan). If the donor has passed away, "Deceased" should be noted.

Note 4: Ratio of the contribution or donation is calculated by the cumulative amount of donations over the years and the amount of donated stocks is calculated based on the face value.

Directors' Professional Qualifications and Independent Directors' Independence Status

Criteria Name	Professional Qualification and Experience (Note 1)	Independent Directors' Independence Status (Note 2)	Number of other public companies in which the individual is concurrently serving as an Independent Director
Chia-Chau Wu	<p>Graduated from National Chengchi University with a Bachelor of Business Administration. Processes extensive industrial knowledge and management experience including plastic, textile fiber, chemical, semiconductor, steel and marine industries. Once was the executive of above-mention industries. Now is the chairman or director of relevant companies.</p> <p>Besides the capacities of leadership, decision-making, strategy planning, crisis management and risk management, the international perspective and insight allow him to simultaneously oversee NPC's subsidiaries in mainland China and the United States, as well as invested companies. Leading the promotion and implementation of circular economy and process optimization, deploying the market of high-value product and strengthening R&D capabilities and promoting ESG of NPC actively.</p>	Spouse or relative within the second-degree relatives does not serve as director, which complies with Article 26-3 of the Securities and Exchange Act.	0
Wen-Yuan Wong	<p>Graduated from University of Houston, Texas, USA with a Master of Science in Industrial Engineering and a Bachelor of Science in Chemical Engineering. Processes extensive industrial knowledge and management experience including plastic, textile fiber, chemical, liquefied petroleum/natural gas, semiconductor, steel, marine and biomedicine industries. Once was the executive of above-mention industries. Now is the chairman or director of relevant companies.</p> <p>With the capacities of leadership, decision-making, crisis management, etc., and international perspective. A multinational corporation leader of mainland China, United States Vietnam, etc. Once served as Chairman of Chinese National Federation of Industry and the chairman of Taiwan Textile Federation.</p> <p>Equips the specialty of engineering technology and profound understanding of AI, leading NPC from energy saving, emission reducing, circular economy, AI stimulation to digital transformation.</p>	2 of spouse or relative within the second-degree relatives serve as a director, but is not more than half of directors, which complies with Article 26-3 of the Securities and Exchange Act.	0
Formosa Petrochemical Corp. Representative Wen-Chiao Wang	<p>Graduated from University of London with a Bachelor of Science of Mechanical Engineering. Processes extensive industrial knowledge and management experience including liquefied petroleum/natural gas, plastic, textile fiber, chemical, steel, marine, photonics and biomedicine industries. Once was the executive of companies of plastics and liquefied petroleum/natural gas. Now is the chairman of companies of marine, photonics, investment and development, TV media, etc. and the director of above-mention industries.</p> <p>Equips the specialty of mechanical engineering, the capacities of leadership, decision-making, innovation strategy, crisis management, etc. and international perspective. Currently in charge of supervising NPC continuing development and diversified business expansion.</p>	2 of spouse or relative within the second-degree relatives serve as a director, but is not more than half of directors, which complies with Article 26-3 of the Securities and Exchange Act.	0
Ruey-Yu Wang	<p>Graduated from National Taiwan University with a Master of International Business and from New York University with a Bachelor of Science in Accounting. Processes extensive industrial knowledge and management experience including biomedicine, plastic, textile fiber, chemical, liquefied petroleum/natural gas, steel and information service industries. Now is the chairman of biomedicine and new energy company and director of above-mentioned industries.</p> <p>With the capacities of leadership, decision-making, marketing communication, crisis management, risk management etc. and international perspective. Once was the President of PFG group, leading the group to establish a completed management system and computerized operation. Currently in charge of supervising the development of new energy business.</p>	1 of spouse or relative within the second-degree relatives serves as a director, but is not more than half of directors, which complies with Article 26-3 of the Securities and Exchange Act.	0
Chih-Kang Wang	<p>Graduated from Texas A&M University, USA with a Doctorate in Business Administration. Processes extensive industrial knowledge and management experience. Once was the minister of Economics Affairs, chairman of Fuh Hwa Securities Investment Trust Co., Ltd., Taiwan External Trade Development Council, Taiwan Institution of Economic Research, chairman of CTBC Venture Capital Co., Ltd., and department chair of International Business of National Taiwan University. Now is the senior advisor of Taishin Financial Holding Co., Ltd., independent director of Formosa Sumco Technology Corp., the convener of Audit Committee and Remuneration committee and the member of Sustainable Development Committee of NPC. No circumstance set out in a subparagraph of Article 30 of the Company Act.</p> <p>With the specialties of education, economic, finance and law, and the capacities of leadership, decision-making, crisis management, etc. and international perspective. Supervising the internal control, the fair presentation of financial statement and the issue of executive compensation of NPC, fulfilling the duties of independent directors.</p>	Neither do the independent directors, his or her spouse or relative within the second-degree relatives (or nominee arrangement) hold any NPC share, nor do the matters stipulated in "Subparagraphs 5-8 of Paragraph 1 of Regulations Governing Appointment of	1

Criteria Name	Professional Qualification and Experience (Note 1)	Independent Directors' Independence Status (Note 2)	Number of other public companies in which the individual is concurrently serving as an Independent Director
Yi-Fu Lin	<p>Graduated from National Chengchi University with a Bachelor of Accounting and Statistics. Processes extensive industrial knowledge and management experience including financial and biomedicine industries. Once was director general of Bureau of Foreign Trade and the minister of Economics Affairs, now is the independent director of Taishin Financial Holding Co., Ltd. and Pan German Universal Motors Ltd., director of Oneness Biotech Co., Ltd., the member of Audit Committee, Remuneration committee and Sustainable Development Committee of NPC. No circumstance set out in a subparagraph of Article 30 of the Company Act.</p> <p>With the specialties of finance and accounting, and the capacities of leadership, decision-making, crisis management, etc. and international perspective. Supervising the internal control, the fair presentation of financial statement and the issue of executive compensation of NPC, fulfilling the duties of independent directors.</p>	Independent Directors and Compliance Matters for Public Companies" happened, and there's no commercial, legal, financial, accounting services been provided to NPC or to any its affiliates within the preceding 2 years. Thus, the independent	2
Yun-Peng Chu	<p>Graduated from University of Maryland, USA with a Doctorate in Economics. Processes extensive industrial knowledge and management experience including petrochemical and financial industries. Once was minister of state without portfolio of Executive Yuan, director of Research Center for Humanities and Social Science and chairman of Taiwan Insurance Guaranty Fund, now is the visiting professor of School of Big Data Management, Soochow University, the independent director of China Petrochemical Development Corp. and Asia Cement Corp., the member of Audit Committee, Remuneration committee and Sustainable Development Committee of NPC. No circumstance set out in a subparagraph of Article 30 of the Company Act.</p> <p>With the specialties of education, economic and finance, and the capacities of leadership, decision-making, crisis management, etc. and international perspective. Supervising the internal control, the fair presentation of financial statement and the issue of executive compensation of NPC, fulfilling the duties of independent directors.</p>	directors comply with the independence requirements.	2
Ming-Jen Tzou	<p>Graduated from Provincial Taipei Institute of Technology with a major in Chemical Engineering. Processes extensive industrial knowledge and management experience including petrochemical, plastic, semiconductor and electronic material industries. Now is the president of NPC, the president and director of relevant companies.</p> <p>A professional senior executive with capacities of management, leadership, decision-making, communication and coordination, crisis management, risk management, AI stimulation to digital transformation, energy saving, carbon reduction industrial safety, environmental protection. Promoting ESG of NPC actively.</p>	Spouse or relative within the second-degree relatives does not serve as director, which complies with Article 26-3 of the Securities and Exchange Act.	0
Shen-Yi Lee	<p>Graduated from Chinese Culture University with a Doctorate in Law. Processes extensive financial and semiconductor industries knowledge and management experience, and is an attorney passed the National Professional and Technical Examination. Once was the chairman of Consumer's Foundation, Chinese Taipei and honor director of Chien Yeh Law Offices, now is the vice chairman of Taiwan New Economy Foundation, independent director of Capital Securities Corp. and WIN Semiconductors Corp.</p> <p>With the specialties of law and the capacities of operation judgement, leadership, decision-making, crisis management, etc. and international perspective. Supervising the business performance of NPC.</p>	Spouse or relative within the second-degree relatives does not serve as director, which complies with Article 26-3 of the Securities and Exchange Act.	2
Formosa Plastics Corporation Representative Zo-Chun Jen	<p>Graduated from Tatung Institute of Technology with a Bachelor of Science in Electrical Engineering. Processes extensive industrial knowledge and management experience including petrochemical and textile fiber industries. Now is the director of relevant companies, and the 5th director of Taiwan Man-Made Fiber Industries Association.</p> <p>A professional senior executive with specialties of mechanical engineering and capacities of management, leadership, decision-making, communication and coordination, crisis management, risk management, AI stimulation to digital transformation, energy saving, carbon reduction industrial safety, environmental protection.</p>	Spouse or relative within the second-degree relatives does not serve as director, which complies with Article 26-3 of the Securities and Exchange Act.	0
Kuei-Yung Wang	<p>Graduated from University of London with a Bachelor of Science in Chemistry. Processes extensive industrial knowledge and management experience including petrochemical and plastic industries. Now is the senior vice president and director of relevant companies.</p> <p>A professional senior executive with specialties of chemical and capacities of management, leadership, decision-making, communication and coordination, crisis management, risk management, AI stimulation to digital transformation, energy saving, carbon reduction industrial safety, environmental protection.</p>	Spouse or relative within the second-degree relatives does not serve as director, which complies with Article 26-3 of the Securities and Exchange Act.	0

Criteria Name	Professional Qualification and Experience (Note 1)	Independent Directors' Independence Status (Note 2)	Number of other public companies in which the individual is concurrently serving as an Independent Director
Fong-Chin Lin	Graduated from National Chengchi University with a Master in Accounting. Possesses extensive industrial knowledge and management experience including petrochemical and plastic industries. Now is the NPC's senior vice president of Plastics Segment, director of relevant companies and the 20 th director of Taiwan Plastics Industry Association. A professional senior executive with specialties of accounting and capacities of management, leadership, decision-making, communication and coordination, crisis management, risk management, AI stimulation to digital transformation, energy saving, carbon reduction industrial safety, environmental protection.	2 of spouse or relative within the second-degree relatives serve as a director, but is not more than half of directors, which complies with Article 26-3 of the Securities and Exchange Act.	0
Cheng-Chung Lee	Graduated from National Central University with a Bachelor of Science in Chemical Engineering. Possesses extensive electronic materials industry knowledge and management experience. Now is the NPC's senior vice president of Electronic Materials Segment, director of relevant companies. A professional senior executive with specialties of chemical and capacities of management, leadership, decision-making, communication and coordination, crisis management, risk management, AI stimulation to digital transformation, energy saving, carbon reduction industrial safety, environmental protection.	Spouse or relative within the second-degree relatives does not serve as director, which complies with Article 26-3 of the Securities and Exchange Act.	0
Formosa Chemicals & Fibre Corporation Representative Chung-Yueh Shih	Graduated from National Taiwan University with a Bachelor of Science in Chemical Engineering. Possesses extensive industrial knowledge and management experience including petrochemical and plastic industries. Now is the NPC's executive vice president and director of relevant companies. A professional senior executive with specialties of chemical and capacities of management, leadership, decision-making, communication and coordination, crisis management, risk management, AI stimulation to digital transformation, energy saving, carbon reduction industrial safety, environmental protection.	Spouse or relative within the second-degree relatives does not serve as director, which complies with Article 26-3 of the Securities and Exchange Act.	0
Freedom Intimation Enterprise Company Representative Ching-Cheng Chang	Possesses extensive financial industry knowledge and management experience. Now is director of Fu Tak Investment Company. With specialties of finance and capacities of management, leadership, decision-making, crisis management, etc. and international perspective. Supervising the business performance of NPC.	Spouse or relative within the second-degree relatives does not serve as director, which complies with Article 26-3 of the Securities and Exchange Act.	0

Diversity and Independence of the Board of Directors

1. Diversity of the Board of Directors

The nomination and election of the Board of Directors of the Company complies with Code of Practice for Corporate Governance of the Company and adopted candidate nomination system. Besides the assessment of each candidate's education and experience, the Company takes stakeholders' opinions into consideration and complies with "Rules for Election of Directors of the Company" and "Corporate Governance Principle" to ensure the diversity and independence of the board members.

Besides the knowledge, skills and literacy are necessary for the performance of the Board of Director, to achieve the goal purpose of the corporate governance, the overall abilities of the Board of Directors should include: 1. operational judgment, 2. financial analysis, 3. operation management, 4. crisis management, 5. industrial knowledge, 6. international perspective, 7. leadership, 8. decision-making capacity, etc.

The Board of Director is now composed of 15 Directors, all of them are individuals with specialization (e.g. law, accounting) and experience in industrial management (e.g. petrochemical, finance, technology, textile, etc.), including 3 Independent Directors. The Company values the gender equity and industrial experience of the board members. The goals are at least one female director, 50% of directors with experiences in 2 or more industries and 50% of directors with experience of AI stimulation to digital transformation. Among 15 directors, there are 2 directors that are female (13.3% of all directors), 10 directors with experiences in 2 or more industries and 11 directors with experiences of AI stimulation to digital transformation currently, so the goals have been achieved. In addition to relying on their professional leadership decision-making ability, the Directors also possess excellent business management capabilities, as well as expertise in the industry, finance, accounting, or the legal field. This deepens the independence and diversity of corporate governance.

Name	Diverse Item	Gender	Concurrent Employment	Age		Seniority of Independent Director			Industrial Experience					Industrial Experience									
				55-64	65-74	Above 75	Less than 3 years	3-9 years	More than 9 years	Petrochemical	Finance	Technology	Textile	Education	Operational Judgement	Financial Analysis	Operation management	Crisis management	Industrial knowledge	International perspective	Leadership	Decision-making capacity	Law
Chia-Chau Wu		M				✓					✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Wen-Yuan Wong		M				✓					✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Wen-Chiao Wang		M			✓						✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Ruey-Yu Wang		F		✓							✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Chih-Kang Wang		M				✓			✓		✓		✓		✓	✓	✓	✓	✓	✓	✓		
Yi-Fu Lin		M				✓		✓			✓					✓	✓	✓	✓	✓			
Yun-Peng Chu		M			✓				✓		✓	✓			✓	✓	✓	✓	✓	✓			✓
Ming-Jen Tzou		M	✓		✓						✓		✓	✓		✓	✓	✓	✓	✓			✓
Shen-Yi Lee		M				✓					✓		✓			✓	✓	✓	✓	✓	✓		
Zo-Chun Jen		M	✓			✓					✓			✓		✓	✓	✓	✓	✓			✓
Kuei-Yung Wang		F	✓			✓					✓					✓	✓	✓	✓	✓			✓
Fong-Chin Lin		M	✓			✓					✓		✓			✓	✓	✓	✓	✓			✓
Cheng-Chung Lee		M	✓		✓								✓			✓	✓	✓	✓	✓			✓
Chung-Yueh Shih		M	✓		✓						✓					✓	✓	✓	✓	✓			✓
Ching-Cheng Chang		M		✓								✓				✓	✓	✓	✓	✓			

2. Independence of the Board of Directors

- Among 15 directors of NPC, only 5 of them, Wen-Yuan Wong, Wen-Chiao Wang, Ruey-Yu Wang, Kuei-Yung Wang and Fong-Chin Lin, are relative within the second-degree relatives (Please refer to 3.2 Directors, Supervisors and Management Team of Chapter 3 Corporate Governance), which complies with the independence requirements stipulated in Article 26-3 of the Securities and Exchange Act that no more than half of directors are spouses or relatives within the second-degree relatives.
- To strengthen the independence of NPC, the Company amended the Articles of Incorporation in 2022. The number of independent directors was revised from a fixed 3 to at least 3. Besides, NPC will aim for the number of independent directors to reach 1/3 of the total number of directors, at least 50% of the independent directors shall not serve more than 3 consecutive terms (3 year for each term).
- According to the current situation of NPC, besides 3 independent directors, there are 2 directors that are external professionals, Shen-Yi Lee and Ching-Cheng Chang, with substantial independence.

Note 1: Professional qualification and experience: the professional qualifications and experience of individual directors and supervisors shall be stated. If they are members of the audit committee and with specialties of accounting or financial, the accounting or financial background and work experience shall be stated. In addition, indicate whether there is any circumstance in Article 30 of the Company Act.

Note 2: The independence situation of Independent Director shall be stated, including but not limited to whether the independent director or his or her spouse or relative within the second-degree relatives serve as the director, supervisor or employee of the Company or other affiliates; the shares and ratio of the Company hold by the independent director or his or her spouse or relative within the second-degree relatives (or nominee arrangement); whether the independent director serve as director, supervisor or employee of the company that has certain relation with the Company (refer to the Subparagraph 5~8 of Paragraph 1 of Article 6 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the remuneration amount of the commercial, legal, financial and accounting services provide to the Company or other affiliates within the preceding 2 years.

Note 3: Independent director, Chih-Kang Wang concurrently holds a position of independent director of Formosa Sumco Technology Corp.

Note 4: Independent director, Yi-Fu Lin concurrently holds a position of independent director of Taishin Financial Holding Co., Ltd. and Pan German Universal Motors Ltd. Mr. Yi-Fu Lin concurrently hold a position of independent director of Taishin Financial Holding Co., Ltd. and Taishin International Bank Co., Ltd; the two entities are deemed to be one according to the administrative rule published on Mar. 19, 2007 by the Financial Supervisory Commission R.O.C (Taiwan).

Note 5: Independent director, Yun-Peng Chu concurrently holds a position of independent director of China Petrochemical Development Corp. and Asia Cement Corp.

Note 6: Independent director, Shen-Yi Lee concurrently holds a position of independent director of WIN Semiconductors Corp. and Capital Securities Corp.

3.2.2 Management Team

2024.04.21

Title (Note 1)	Nationality	Name	Gender	Date Effective	Shareholding		Director's Spouse & Minor shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 2)	Current Positions at Other Companies	Managers who are Spouses or Within Two degrees of Kinship			Remarks (Notes3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C	Ming-Jen Tzou	Male	2015.07.01	188,742	-	0	0	0	0	Executive Vice President, NPC Chemical Engineering, Provincial Taipei Institute of Technology	Director of Nan Ya Technology Co., Ltd. and Nan Ya PCB Corp.	None	None	None	
Executive Vice President	R.O.C	Chung-Yueh Shih	Male	2023.03.08	8,080	-	0	0	0	0	Senior Vice President, NPC B.S. in Chemical Engineering, National Taiwan University	Director of Nan Chung Petrochemical Corp. and Nan Ya Plastics (Ningbo) Co., Ltd.	None	None	None	
Senior Vice President	R.O.C	Fong-Chin Lin	Male	2003.11.04	25,458	-	43,674,803	0.55	0	0	Vice President, NPC M.B.A in Accounting, National Chengchi University	Director of Nan Ya Plastics (Hong Kong) Co., Ltd.	None	None	None	
Senior Vice President	R.O.C	Kuei-Yung Wang	Female	2018.03.23	10,750,271	0.14	2,568,086	0.03	0	0	Vice President, NPC B.S. in Chemistry, University of London	Director of Nan Ya Plastics Corp. U.S.A.	None	None	None	
Senior Vice President	R.O.C	Yu-Sheng Chen	Male	2023.03.08	0	0	0	0	0	0	Vice President, NPC Chemical Engineering, Provincial Taipei Institute of Technology	Vice President of Nan Ya Corp., Texas	None	None	None	
Acting Senior Vice President	R.O.C	You-Ming Ke	Male	2023.11.10	0	0	0	0	0	0	Vice President, NPC B.S. in Mechanical Engineering, National Chung Hsing University	Director of Nan Ya Electronic Materials (Kunshan) Co., Ltd.	None	None	None	N/A
Acting Senior Vice President	R.O.C	Chang-Ming, Tsai	Male	2024.03.12	24	-	0	0	0	0	Vice President, NPC B.S. in Chemical Engineering, National Taiwan University	Director of Nan Ya Electronic Materials (Kunshan) Co., Ltd.	None	None	None	
Vice President	R.O.C	Te-Chao Liao	Male	2023.03.08	0	0	0	0	0	0	Assistant Vice President, NPC Ph.D in Chemical Engineering, National Taiwan University	None	None	None	None	
Vice President	R.O.C	Pau-Chang Liu	Male	2019.03.20	6,791	-	4,000	-	0	0	Assistant Vice President, NPC B.B.A. in Accounting, Soochow University	None	None	None	None	
Vice President	R.O.C	Chi-I Ding	Male	2023.03.08	0	0	0	0	0	0	Assistant Vice President, NPC Chemical Engineering, Ming Chi Institute of Technology	Director of Nan Ya Plastics (Nantong) Co., Ltd.	None	None	None	
Vice President	R.O.C	Yu-Lung Huang	Male	2018.05.09	4,020	-	1,000	-	0	0	Assistant Vice President, NPC Mechanical, Provincial Kaohsiung Institute of Technology	Director of Nan Ya Plastics (Ningbo) Co., Ltd.	None	None	None	
Vice President	R.O.C	Zhen-Rong Chen	Male	2021.03.18	0	0	0	0	0	0	Assistant Vice President, NPC B.S. in Chemical Engineering, Chung Yuan Christian University	None	None	None	None	

Title (Note 1)	Nationality	Name	Gender	Date Effective	Shareholding		Director's Spouse & Minor shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 2)	Current Positions at Other Companies	Managers who are Spouses or Within Two degrees of Kinship			Remarks (Notes3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Vice President	R.O.C	Sheng-Hung Hsueh	Male	2023.03.08	107	-	0	0	0	0	Assistant Vice President, NPC M.S. in Chemical Engineering, National Tsing Hua University	None	None	None	None	
Acting Vice President	R.O.C	Chi-Hou Ting	Male	2023.12.13	0	0	0	0	0	0	Assistant Vice President, NPC B.S. in Chemical Engineering, Tamkang University	Director of Nan Ya Electronic Materials (Kunshan) Co., Ltd.	None	None	None	
Acting Vice President	R.O.C	Kuo-Chao Chen	Male	2023.11.10	0	0	0	0	0	0	Assistant Vice President, NPC Chemical Engineering, Provincial Taipei Institute of Technology	None	None	None	None	
Acting Vice President	R.O.C	Jyh-Win Chern	Male	2024.03.12	0	0	0	0	0	0	Assistant Vice President, NPC Fiber, Ming Chi Institute of Technology	None	None	None	None	
Vice President	R.O.C	Wen-Cheng Yang	Male	2018.05.09	0	0	0	0	0	0	Assistant Vice President, NPC B.S. in Chemical Engineering, National Central University	None	None	None	None	
Vice President	R.O.C	Yung-Fang Chang	Male	2015.11.11	0	0	28,617	-	0	0	Assistant Vice President, NPC Electrical Engineering, Ming Chi Institute of Technology	Director of Nan Ya Electric (Nantong) Co., Ltd.	None	None	None	N/A
Vice President	R.O.C	Fu-Jung Peng	Male	2022.01.17	814	-	0	0	0	0	Assistant Vice President, NPC B.B.A. in Business Administration, National Chengchi University	Supervisor of Mai-Liao Power Corp.	None	None	None	
Acting Vice President	R.O.C	Hong-Chen Yen	Male	2023.11.10	0	0	0	0	0	0	Assistant Vice President, NPC B.S. in Chemical Engineering, Tamkang University	None	None	None	None	
Financial Officer and Corporate Governance Officer	R.O.C	Li-Ta Pai	Male	2022.08.10	15,541	-	0	0	0	0	Assistant Vice President, NPC B.B.A. in Accounting, Soochow University	Supervisor of PFG Fiber Glass Corp. and Wellink Technology Co., Ltd.	None	None	None	
Accounting Officer	R.O.C	Chih-Yun Su	Male	2022.08.10	37,887	-	0	0	0	0	Accounting Department Acting Assistant Vice President, NPC B.B.A in Public Finance, National Cheng Chi University	None	None	None	None	

Note 1: President, Vice President, Assistant Vice President, Department Manager, and Branch Agencies and persons who hold positions equivalent to President, Vice President, Assistant Vice President or Manager shall be disclosed.

Note 2: The experience relevant to current position i.e., held a position at the accounting firm of its auditing CPAs or at an affiliated enterprise its titles and duties should be clearly stated.

Note 3: The Chairman and the President or equivalent position (the top manager) are the same person, or relatives of each other, such as spouse or within one degree of kinship, should explain the reasons, rationality, necessity and corresponding measures (such as increasing the number of Independent Directors, more than half of the Directors have not served as employees or managers, etc.): N/A

Note 4: The Company does not provide expenses for cars, housing, and other personal expenses.

Note 5: “-” indicates the shareholding ratio is less than 0.01%.

Note 6: Financial Officer Li-Ta Pai concurrently served as Corporate Governance Officer since Apr. 1 2024.

3.2.3 Boards of Directors and Major Managers Succession Plan of NPC

- (1) Candidate nomination system is adopted by the Company for the election of directors. Shareholders shall elect directors from the list of director candidates. Currently, directors are nominated by major shareholders and elected by shareholders meeting. Each director possesses the professional ability such as operating management, industrial knowledge and international outlook, etc. The newly appointed director will be arranged 12-hour continuing education in the year he or she takes office. In addition, brochure of relevant regulations and matters that should be noted, etc., will be provided to directors and insiders.
- (2) To improve professionalism of member of Board of Directors, the Company takes the scope beyond the professional capabilities of each director into consideration, chooses and arranges courses covering business, legal affairs, and corporate social responsibility related to the nature of the Company's industry at least 6 hours per year to assist directors to acquire various professional knowledge and new knowledge required to perform their duties. In addition, the Company cultivates the internal senior managers and let them join the Board of Directors to familiarize themselves with its operations and potentially succeed retiring directors.
- (3) In needs of perpetual business operation and ensuring the development of major managing talents can successfully take over, the Company has set up Talent Development Rule. The rule specifies the criteria of development candidates, election principles, the way of development conduction and the review of promotion criteria. The amount of manager development candidates of each department shall at least by 2 for future optimum selection.
- (4) If the development candidates are lack of experienced, the Company will increase his or her experiences by job rotation or increasing his or her responsible business scope. The annual working achievement of development candidates shall be included in periodic working assessment in accordance with "Assessment Rule" and the periodic working assessment shall be the base of year-end performance appraisal assessment. If the year-end performance appraisal of the development candidates were rated as excellent, it shall be the reference for optimum promotion.
- (5) To ensure the cultivation of talent senior managers and effectively enhance their succession capabilities and let the talent senior managers breakthrough initiatives and achievements in their business domain, Senior Vice President, Chung-Yueh Shih, was promoted to Executive Vice President; Yu-Sheng Chen and the other 2 Vice Presidents were promoted to Senior Vice Presidents to enhance their experience and improve management decision-making and leadership abilities. Additionally, to promote outstanding senior managers, Sheng-Hung Hsueh and the other 6 Assistant Vice Presidents were promoted to Vice Presidents; Ping-Wen Wang and the other 7 Plant/ Department Managers were promoted to Assistant Vice Presidents to assign more significant responsibilities and strengthen their capabilities in business and operational management.
- (6) To enhance the managers' and executives' understanding of important regulations of other business function and abnormal cases, supervise the department responsibilities and ensure that the cultivation of talents can be successfully taken over and continued, the Company set up education training courses such as Carbon Reduction Execution Progress Seminar, Customer Relationship Management Introduction, AI Implementation Plan of overseas plant area, Automation of Sales Order Operations, Inventory Management Process and Digitization, AI Model Management, AI-Driven Energy Efficiency Improvement Results, Trends Report of Operational Technology Industrial Control Security in 2023. A total of 1,270 people attended the courses, and the training hours were 3,810.

3.3 Remuneration of Directors, Supervisors, President, and Vice Presidents

3.3.1 Remuneration of Directors and Supervisors

3.3.1.1 Remuneration of Directors and Independent Directors

Unit: NT\$ thousands; 2023.12.31

Title	Name	Director's Remuneration						Total Remuneration (A+B+C+D) and as % of Net Income (Note 10)		Compensation Received by a Director who is an employee of NPC or of NPC's consolidated subsidiaries				Total Compensation (A+B+C+D+E+F+G) and as % of Net Income (Note 10)		Compensation Paid to Directors from an Invested Company other than NPC's Subsidiary or the Parent Company (Note 11)		
		Base Compensation (A)(Note 2)	Severance Pay and Pensions (B)	Directors Compensation (C)(Note 3)		Allowances (D)(Note 4)	Companies in the consolidated financial statements (Note 7)	Companies in the consolidated financial statements (Note 7)	From NPC	Companies in the consolidated financial statements (Note 7)	From NPC	Employee Compensation (G) (Note 6)		Companies in the consolidated financial statements (Note 7)	From NPC			
				From NPC	Companies in the consolidated financial statements (Note 7)							From NPC	Companies in the consolidated financial statements (Note 7)					
																	Cash	Stock
Director	Chairman	18,737	18,737	108	0	0	80	160	18,925 0.2999%	19,005 0.3012%	0	0	0	0	0	18,925 0.2999%	19,005 0.3012%	70
	Managing Director	0	0	0	0	0	60	120	60 0.0010%	120 0.0019%	0	0	0	0	0	60 0.0010%	120 0.0019%	21,508
	Managing Director	0	0	0	0	0	40	60	40 0.0006%	60 0.0010%	0	0	0	0	0	40 0.0006%	60 0.0010%	20,537
	Managing Director	0	0	0	0	0	60	60	60 0.0010%	60 0.0010%	0	0	0	0	0	60 0.0010%	60 0.0010%	19,805
	Director	0	0	0	0	0	80	120	80 0.0013%	120 0.0019%	4	0	4	0	0	13,100 0.2076%	13,140 0.2082%	50
	Director	1,200	1,200	0	0	0	60	60	1,260 0.0200%	1,260 0.0200%	0	0	0	0	0	1,260 0.0200%	1,260 0.0200%	0
	Director	0	0	0	0	0	60	60	60 0.0010%	60 0.0010%	2	0	2	0	0	8,331 0.1320%	8,331 0.1320%	0
	Director	0	0	0	0	0	60	60	60 0.0010%	60 0.0010%	2	0	2	0	0	8,802 0.1395%	8,802 0.1395%	0
	Director	0	0	0	0	0	60	60	60 0.0010%	60 0.0010%	2	0	2	0	0	8,661 0.1372%	8,661 0.1372%	0
	Director	0	0	0	0	0	60	60	60 0.0010%	60 0.0010%	0	0	0	0	0	7,535 0.1194%	7,535 0.1194%	0
Director	Formosa Chemicals & Fibre Corp. Representative Chung-Yueh Shih	0	0	0	0	0	60	60	60 0.0010%	60 0.0010%	2	0	2	0	0	7,221 0.1144%	7,221 0.1144%	0
Director	Freedom International Enterprise Company Ching-Cheng Chang	1,200	1,200	0	0	0	60	60	1,260 0.0200%	1,260 0.0200%	0	0	0	0	0	1,260 0.0200%	1,260 0.0200%	0
Independent Director	Managing Director (Independent Director)	1,801	1,801	0	0	0	150	150	1,951 0.0309%	1,951 0.0309%	0	0	0	0	0	1,951 0.0309%	1,951 0.0309%	0
	Independent Director	1,800	1,800	0	0	0	150	150	1,950 0.0309%	1,950 0.0309%	0	0	0	0	0	1,950 0.0309%	1,950 0.0309%	0
	Independent Director	1,800	1,800	0	0	0	150	150	1,950 0.0309%	1,950 0.0309%	0	0	0	0	0	1,950 0.0309%	1,950 0.0309%	0

Note 1: Please state the policy, system, standards and structure of independent directors' remuneration payment, and explain the relevance to the amount of remuneration according to the responsibilities, risks and time invested:

- a. The Company does not provide compensation for directors. Independent directors' remuneration is based on a fixed payment system. The main consideration is to maintain its independence and facilitate its supervision function. The Company pays a fixed remuneration to independent directors based on the principle of NT\$1.8 million and the transportation allowance is NT\$10,000 each time according to the attendance of the meeting. According to the Company's "Regulations and Scope of Independent Directors' Duties", the duties and risks includes Supervise the fair presentation of the Company's financial statements, the hiring (dismissal), independence and performance of CPA of the Company, the effective implementation of the Company's internal control system, the compliance with relevant laws and regulations of the Company, the existing or potential risk management and control of the Company, etc. The Company has insured director liability insurance for independent directors. The independent director attends at least 6 times of Board of Directors, 4 times of Audit Committee, 2 times of Remuneration Committee and 1 time of Sustainable Development Committee. And in order to implement the operational integrity, the independent directors review the internal audit reports monthly, and communicate with internal audit officer and CPA regarding internal control and financial statements regularly. More communication details please refer to "3.4.2 Audit Committee Meeting Status or the Participation of Supervisors in the Operations of the Board of Directors".
- b. Other than disclosure in the above table, remunerations earned by providing services (e.g., serve as the consultant other than employee of parent company, all the companies in financial statement, invested company) in latest year:

No.

Note 2: The remunerations paid to directors in the latest year (including salaries, additional pay, service pay, various prizes, rewards, etc.).

Note 3: The value of remunerations approved to be assigned to directors by the Board of Directors in the most recent year.

Note 4: This is the expenses incurred by directors over the past years from carrying out related tasks, including transportation, special expenditure, various types of allowances, dormitory, and company cars, among other supplies in kind). When houses, automobiles, and other transportation tools or expenses that are specific to individuals are provided, the nature and cost of the assets provided, the actual or market-value-based rental, the cost of gasoline, and other payments shall be disclosed. If a driver is assigned, please indicate the pay available for the driver but it may not be included in the calculation of remunerations.

Note 5: Salaries, additional pay, service pay, various prizes, rewards, transportation, special expenditure, various allowances, dormitory, cars, and other actual items that are claimed by directors and employees (including concurrently hold a position of President, Vice President, other managers and employees) in the latest year. For housing, automobiles and other transportation tools or expenses that are specific to individuals, the nature and cost of the assets provided, actual or market-value-based rental, the cost of gasoline and other payments shall be disclosed. If a driver is assigned, please indicate the pay available for the driver but it may not be included in the calculation of remunerations. In addition, salaries recognized in accordance with IFRS 2: stock-based payment transaction, including employee stock option certificates restricted employee shares, and participation in subscribing shares in cash capital increase, shall also be included as part of the remunerations.

Note 6: Directors and employees (including concurrently hold a position of President, Vice President, other managers and employees) having claimed the employee's remuneration (including shares and cash) shall disclose employee's remuneration distribution resolved by the Board of Directors in the most recent year. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculated proportionally and Exhibit 1-3 shall be completed.

Note 7: The total value of various remunerations paid to directors of the Company by all companies in the Consolidated Report (including the Company) shall be disclosed.

Note 8: For the total value of various remunerations paid to each director by the Company, disclose the name of the director in the respective bracket.

Note 9: For the total value of various remunerations paid to each director of the Company by all companies (including the Company) in the Consolidated Report, disclose the name of the director in the respective bracket.

Note 10: After-tax pure earnings are those indicated in the entity or individual financial report from the most recent year.

Note 11: a. The value of related remunerations claimed by directors of the Company from reinvested businesses other than subsidiaries or the parent company shall be specified in this column. (If there's no related remuneration, please fill in "none")

b. In the event that directors of the Company claim related remunerations from reinvested businesses other than subsidiaries or the parent company, the said remunerations shall be combined in Column I of the remuneration bracket table and the name of the column shall be changed to "the parent company and all re-invested businesses."

c. Remunerations are the compensation, rewards (including rewards for employees, directors, and supervisors) and operational expenditures claimed by supervisors of the Company who serve as the director, supervisor, or manager at a reinvested business other than the subsidiary or the parent company.

Note 12: Column B and F is the contribution amount of severance pay and pensions.

* The content of the remunerations disclosed in this table differs from the idea of income indicated in the Income Tax Act. As such, the purpose of this table is for disclosure of information only, not for taxation.

3.3.1.2 Remuneration of Supervisors

The Company set up an Audit Committee to replace the Supervisors on June 23rd, 2016.

3.3.2 Remuneration of President and Vice Presidents

Unit: NT\$ thousands; 2023.12.31

Title	Name	Salary (A) (Note 2)		Severance Pay and Pensions (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Total compensation (A+B+C+D) and as % of net income (Note 8)		Compensation Paid to Directors from an Invested Company other than NPC's Subsidiary or the Parent Company (Note 9)
		From NPC	Companies in the consolidated financial statements (Note 5)	From NPC	Companies in the consolidated financial statements (Note 5)	From NPC		Companies in the consolidated financial statements (Note 5)		From NPC	Companies in the consolidated financial statements (Note 5)			
						Cash	Stock	Cash	Stock					
President	Ming-Jen Tzou													50
Executive Vice President	Chung-Yueh Shih													
Senior Vice President	Fong-Chin Lin													
Senior Vice President	Kuei-Yung Wang													
Senior Vice President	Cheng-Chung Lee (Note 11)													
Senior Vice President	Yu-Sheng Chen													
Acting Senior Vice President	You-Ming Ke (Note 11)													
Acting Senior Vice President	Chang-Ming Tsai (Note 11)													
Vice President	Shiou-Yeh Sheng (Note 11)													
Vice President	Te-Chao Liao													
Vice President	Pao-Chang Liu													
Vice President	Chi-I Ding	59,430	59,490	1,341	1,341	71,404	28	0	28	0	132,203	132,263	2.0951%	
Vice President	Yu-Lung Huang													
Vice President	Zhen-Rong Chen													
Vice President	Sheng-Hung Hsueh													
Acting Vice President	Chi-Hou Ting (Note 11)													
Acting Vice President	Kuo-Chao Chen (Note 11)													
Vice President	Wen-Cheng Yang													
Vice President	Yung-Fang Chang													
Vice President	Fu-Jung Peng													
Acting Vice President	Hong-Chen Yen (Note 11)													
Corporate Governance Officer	Wen-Pin Cheng (Note 11)													

Range of Remuneration of President and Vice Presidents

Range of compensation	Name of President and Vice Presidents	
	From NPC (Note 6)	The parent company and all re-invested businesses (Note 7) E
Under NT\$ 1,000,000	None	None
NT\$ 1,000,000 ~ NT\$ 1,999,999	None	None
NT\$ 2,000,000 ~ NT\$ 3,499,999	None	None
NT\$ 3,500,000 ~ NT\$ 4,999,999	Chang-Ming Tsai, Chin-Yi Ting, Sheng-Hung Hsueh, Chi-Hou Ting, Kuo-Chao Chen, Wen-Cheng Yang, Hong-Chen Yen	Chang-Ming Tsai, Chin-Yi Ting, Sheng-Hung Hsueh, Chi-Hou Ting, Kuo-Chao Chen, Wen-Cheng Yang, Hong-Chen Yen
NT\$ 5,000,000 ~ NT\$ 9,999,999	Chung-Yueh Shih, Fong-Chin Lin, Kuei-Yung Wang, Cheng-Chung Lee, Yu-Sheng Chen, Yeou-Ming Ko, Shiou-Yeh Sheng, Te-Chao Liao, Pau-Chang Liu, Yu-Lung Huang, Cheng-Jung Chen, Yung-Fang Chang, Fu-Jung Peng, Wen-Pin Cheng	Chung-Yueh Shih, Fong-Chin Lin, Kuei-Yung Wang, Cheng-Chung Lee, Yu-Sheng Chen, Yeou-Ming Ko, Shiou-Yeh Sheng, Te-Chao Liao, Pau-Chang Liu, Yu-Lung Huang, Cheng-Jung Chen, Yung-Fang Chang, Fu-Jung Peng, Wen-Pin Cheng
NT\$ 10,000,000 ~ NT\$ 14,999,999	Ming-Jen Tzou	Ming-Jen Tzou
NT\$ 15,000,000 ~ NT\$ 29,999,999	None	None
NT\$ 30,000,000 ~ NT\$ 49,999,999	None	None
NT\$ 50,000,000 ~ NT\$ 99,999,999	None	None
Over NT\$ 100,000,000	None	None
Total	22	22

* Regardless of their title, the information has to be disclosed as long as their ranking is equivalent to that of a President, Vice President or assistant manager.

Note1: Names of President and Vice President shall be listed separately, and individual payments made shall be disclosed through a summary. If the director is also a President or Vice President, this table and the above table (1-1) or (1-2-1) and (1-2-2) shall be completed.

Note2: Salaries, additional pay, and service pay for President and Vice President in the latest year.

Note3: Various prizes, awards, transportation, special expenditure, various allowances, dormitory, cars, and other actual items provided and other compensations for President and Vice President in the latest year. For housing, automobiles, and other transportation tools or expenses that are specific to individuals, the nature and cost of the assets provided, the actual or market-value-based rental, the cost of gasoline, and other payments shall be disclosed. If a driver is assigned, please indicate the pay available for the driver but it may not be included in the calculation of remunerations. In addition, salaries recognized in accordance with IFRS 2: stock-based payment transaction, including employee stock option certificates, restricted employee shares, and participation in subscribing shares in cash capital increase, shall also be included as part of the remunerations.

Note4: Employee remunerations (including stock and cash) distributed to President and Vice President as approved by the Board of Directors in the latest year. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculated proportionally. In addition, the attached Table 1-3 shall be completed.

Note5: The total value of remunerations paid to President and Vice President of the Company by all companies in the Consolidated Report (including the Company) shall be disclosed.

Note6: Disclose each President and Vice Presidents' name in the respective bracket according to the total value of various remunerations paid by the Company.

Note7: For the total value of various remunerations paid to each President and Vice President of the Company by all companies (including the Company) in the Consolidated Report, disclose the name of the President and Vice President in the respective bracket.

Note8: After-tax pure earnings are those indicated in the entity or individual financial report from the most recent year.

Note9: a. The value of related remunerations claimed by President and Vice President of the Company from reinvestment businesses other than subsidiaries or the parent company shall be specified in this column. (If there's no related remuneration, please fill in "none")

b. In the event that President and Vice President of the Company claim related remunerations from reinvestment businesses other than subsidiaries or the parent company, the said remunerations shall be combined in Column E of the remuneration bracket table and the name of the column shall be changed to "the parent company and all reinvested businesses."

c. Remunerations are the compensation, rewards (including rewards for employees, directors, and supervisors) and operational expenses, among others, claimed by President and Vice President of the Company who serve as the director, supervisor, or manager at a reinvested business other than the subsidiary or the parent company.

Note10: 1,341 thousand in column B is the contribution amount of severance pay and pensions.

Note11: Vice President You-Ming Ke and Chang-Ming Tsai were promoted as Acting Senior Vice President on Oct. 11, 2023 and Mar. 12, 2024 respectively. Assistant Vice President Chi-Hou Ting, Kuo-Chao Chen and Hong-Chen Yen were promoted as Acting Vice President on Dec. 13, 2023, Nov.10, 2023 and Nov. 10, 2023 respectively. Senior Vice President Cheng-Chung Lee, Vice President Shiou-Yeh Sheng and Corporate Governance Officer Wen-Pin Cheng retired on Sep. 1, 2023, Jan. 1, 2024 and Apr. 1, 2024.

* The content of the remunerations disclosed in this table differs from the idea of income indicated in the Income Tax Act. As such, the purpose of this table is for disclosure of information only, not for taxation.

Employee Compensation of Executive Officers

Unit: NT\$ thousand; 2023.12.31

Title (Note 1)	Name (Note 1)	Employee Compensation -in Stock	Employee Compensation -in Cash	Total	Total Employee Compensation as % of Net Income
President	Ming-Jen Tzou	0	30	30	0.0005
Executive Vice President	Chung-Yueh Shih				
Senior Vice President	Fong-Chin Lin				
Senior Vice President	Kuei-Yung Wang				
Senior Vice President	Cheng-Chung Lee (Note5)				
Senior Vice President	Yu-Sheng Chen				
Acting Senior Vice President	You-Ming Ke (Note5)				
Acting Senior Vice President	Chang-Ming Tsai (Note5)				
Vice President	Shiou-Yeh Sheng (Note5)				
Vice President	Te-Chao Liao				
Vice President	Pao-Chang Liu				
Vice President	Chi-I Ding				
Vice President	Yu-Lung Huang				
Vice President	Zhen-Rong Chen				
Vice President	Sheng-Hung Hsueh				
Acting Vice President	Chi-Hou Ting (Note5)				
Acting Vice President	Kuo-Chao Chen (Note5)				
Vice President	Wen-Cheng Yang				
Vice President	Yung-Fang Chang				
Vice President	Fu-Jung Peng				
Acting Vice President	Hong-Chen Yen (Note5)				
Corporate Governance Officer	Wen-Pin Cheng (Note5)				
Financial Officer and Corporate Governance Officer	Li-Ta Pai				
Accounting Officer	Chih-Yun Su				

Note1: The name and title of the individual shall be disclosed but distribution of profits may be disclosed through a summary.

Note2: Employee remunerations (including stock and cash) distributed to managers through the Board of Directors in recent years. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally. After-tax pure earnings are those in the latest year. When the International Financial Reporting Standards are adopted, after-tax pure earnings are those indicated in the entity or individual financial report from the most recent year.

Note3: For the applicability of managers, follow the Tai-Cai-Zheng-San No. 0920001301 letter dated March 27, 2003.

- (1) Presidents and people of equivalent ranking
- (2) Vice Presidents and people of equivalent ranking
- (3) Assistant managers and people of equivalent ranking
- (4) Head of Department of Finance
- (5) Head of Accounting Department
- (6) Other people handling corporate affairs and signature rights

Note4: If directors, Presidents, and Vice Presidents receive employee remunerations (including stock and cash), this table needs to be completed in addition to Exhibit 1-2.

Note5: Vice President You-Ming Ke and Chang-Ming Tsai were promoted as Acting Senior Vice President on Oct. 11, 2023 and Mar. 12, 2024 respectively. Assistant Vice President Chi-Hou Ting, Kuo-Chao Chen and Hong-Chen Yen were promoted as Acting Vice President on Dec. 13, 2023, Nov.10, 2023 and Nov. 10, 2023 respectively. Senior Vice President Cheng-Chung Lee, Vice President Shiou-Yeh Sheng and Corporate Governance Officer Wen-Pin Cheng retired on Sep. 1, 2023, Jan. 1, 2024 and Apr. 1 2024.

Note6: Financial Officer Li-Ta Pai concurrently served as Corporate Governance Officer since Apr. 1 2024

3.3.3 Comparison and Description of Remuneration for Directors, Supervisors, President and Vice Presidents etc. in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, President and Vice Presidents.

- (1) The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to Directors, Supervisors, President and Vice Presidents, etc. of the Company, to the net income.

Unit: %

Title\Year	Company		All companies in the Consolidated Report	
	2023	2022	2023	2022
Directors	1.2853	0.2694	1.2885	0.2701
Presidents and Vice Presidents	2.0951	0.3554	2.0961	0.3556

Note: Due to the after-tax net income decreased from 2023 to 2022, the ratios of total remuneration of Directors, Presidents and Vice Presidents to the after-tax net income in 2023 are higher than in 2022.

- (2) The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.
- A. The remuneration of the directors and managers of the Company are reported to Remuneration Committee and then discuss and approve by Board of Directors.
- B. According to Article 16 of NPC's Articles of Incorporation, the Company authorized the Board of Directors to determine the remuneration of directors according to their degree of participation and their value of contribution and refer to normal standard in the same industry.
- C. The remuneration of Chairman includes fixed salary, bonus and the incentives paid based on NPC's operation performance in the previous year and is proposed not to exceed twice the remuneration of NPC's President. In addition, provision of pension, employee welfare and severance pay are contributed once a month according to NPC's "Pension Mechanism". The Chairman also receives traffic fares based on attendances of Board meetings. On the other hand, Independent Directors and Director, Ching-Cheng Chang, receive fixed compensation monthly and traffic fares that based on attendances of Board meetings; other Directors only receive traffic fares based on attendances of Board meetings and no variable compensation are paid.
- D. On June 22, 2010, the Shareholders Meeting approve the cancellation of directors' remuneration distribution.
- E. On June 23, 2016, NPC set up the Audit Committee to replace the Supervisors.
- F. The remuneration of President, Vice President and Managers are paid according to Article 21 of Articles of Incorporation and Article 29 of the Company Act, including fixed salary, full attendance bonus, year-end bonus and supervisor bonus. In addition, provision of pension (includes Labor Pension and Labor Retirement Pension), employee welfare, etc. are contributed once a month. In accordance with Article 25 of the Articles of Incorporation of the Company 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. Supervisor severance pay, survivor annuity, etc. will be paid under special circumstances. Among them, the fixed monthly salary is based on the salary adjustment standard of all employees every year and the comprehensive overall performance evaluation within the scope of manager's responsibility (includes financial and non-financial indicators.) made by the Chairman and the achievement status of personal "Annual Work Goals". After comprehensive consideration and evaluation, the fixed monthly salary will be proposed to Remuneration Committee and adjusted accordingly.

G.The remuneration and performance assessment indicators of the Company's manager are as follows:

- i. Financial Indicator: operating profit and loss, EBITDA, achievement rate of operating goals and profit contribution.
- ii. Non- Financial Indicator: divided into 3 aspects, Environment Protection(E), Social Responsibility(S) and Corporate Governance(G). Environment Protection Indicators include environmental sustainability engagement, performance of water and energy saving, effectiveness of circular economy and achievement rate of carbon reduction. Social Responsibility Indicators include incident of work safety and occupational injury, innovation and development of product and friendly relations with plant area. Corporate Governance Indicators include capacity of operating management, promotion and effectiveness of AI project and number of fraud incident.

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors' Meeting Status

A total of 6 meetings **【A】** of the Board of Directors' Meeting were held in 2023. Director attendance status is shown as follows:

Title	Name (Note1)	Attendance in person 【B】	By Proxy	Attendance rate in person (%) 【B/A】 (Note2)	Remark
Chairman	Chia-Chau Wu	6	0	100.0	
Managing Director	Wen-Yuan Wong	6	0	100.0	
Managing Director	Formosa Petrochemical Corp. Rep. Wen-Chiao Wang	4	0	66.7	
Managing Director	Ruey-Yu Wang	6	0	100.0	
Managing Director (Independent Director)	Chih-Kang Wang	6	0	100.0	
Independent Director	Yi-Fu Lin	6	0	100.0	
Independent Director	Yun-Peng Chu	6	0	100.0	
Director	Ming-Jen Tzou	6	0	100.0	
Director	Rep. Shen-Yi Lee	6	0	100.0	
Director	Formosa Plastics Corp. Rep. Zo-Chun Jen	6	0	100.0	
Director	Kuei-Yung Wang	6	0	100.0	
Director	Fong-Chin Lin	6	0	100.0	
Director	Cheng-Chung Lee	6	0	100.0	
Director	Formosa Chemicals & Fibre Corp. Chung-Yueh Shih	6	0	100.0	
Director	Freedom Internation Enterprise Company Rep. Ching-Cheng Chang	6	0	100.0	

Other mentionable items:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all Independent Directors' opinions and the Company's response should be specified:
 - (1) Matters referred to in Article 14-3 of the Securities and Exchange Act.: N/A.
 - (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the Board of Directors: None.
2. Implementation of Directors Avoiding Conflict of Interests towards Resolution:
 - (1) The 1st Board of Directors' Meeting of 2023 (March 8, 2023)

Recusals: Chairman, attending Managing Director Wen-Yuan Wong, Wen-Chiao Wang and Ruey-Yu Wang, Director Zo Chun, Jen, Kuei-Yung Wang and Chung-Yueh Shih.

Resolutions adopted: To compile plan of lending funds for the second quarter of 2023.

Causes of interest conflict Avoidance and Voting status: the above-mentioned Directors were appointed as the Chairman, Managing Director, Director, representative of the juristic person of the borrowing Company respectively, or as Managing Director's relative within the second degree of kinship, so they were recused from the discussion and voting.
 - (2) The 1st Board of Directors' Meeting of 2023 (March 8, 2023)

Recusals: Attending Director Chung-Yueh Shih.

Resolutions adopted: To promote managerial position of the Company.

Causes of interest conflict Avoidance and Voting status: the above-mentioned Director was the involved party, so he was recused from the discussion and voting.
 - (3) The 2nd Board of Directors' Meeting of 2023 (May 9, 2023)

Recusals: Chairman, attending Managing Director Wen-Yuan Wong, Wen-Chiao Wang and Ruey-Yu Wang, Director Zo Chun, Jen, Kuei-Yung Wang and Chung-Yueh Shih.

Resolutions adopted: To compile plan of lending funds for the third quarter of 2023.

Causes of interest conflict Avoidance and Voting status: the above-mentioned Directors were appointed as the Chairman, Managing Director, Director, representative of the juristic person of the borrowing Company respectively, or as Managing Director's relative within the second degree of kinship, so they were recused from the discussion and voting.
 - (4) The 2nd Board of Directors' Meeting of 2023 (May 9, 2023)

Recusals: Chairman, attending Managing Director Wen-Yuan Wong, Wen-Chiao Wang and Ruey-Yu Wang, Director Ming-Jen Tzou, Zo Chun, Jen and Kuei-Yung Wang.

Resolutions adopted: Equipment transactions with related parties include Formosa Heavy Industries Corp., Formosa Plastics Corp., Formosa Technologies Corp. and Nan Ya Photonics Incorporation.

Causes of interest conflict Avoidance and Voting status: the above-mentioned Directors were appointed as the Chairman, Managing Director, Director, representative of the juristic person of the related parties, or as Managing Director's relative within the second degree of kinship, so they were recused from the discussion and voting.
 - (5) The 2nd Board of Directors' Meeting of 2023 (May 9, 2023)

Recusals: Chairman, attending Managing Director Wen-Yuan Wong and Wen-Chiao Wang.

Resolutions adopted: To issue a letter of support for the Company's investment business "Formosa Ha Tinh (Cayman) Ltd." to negotiate credit lines with financial institutions.

Causes of interest conflict Avoidance and Voting status: the above-mentioned Directors were appointed as directors of Formosa Ha Tinh (Cayman) Ltd., so they were recused from the discussion and voting.
 - (6) The 2nd Board of Directors' Meeting of 2023 (May 9, 2023)

Recusals: Attending Managing Director Wen-Yuan Wong, Wen-Chiao Wang and Independent Director Yi-Fu Lin.

Resolutions adopted: To issue a letter of support for the Company's investment business "Formosa Steel IB Pty. Ltd." to negotiate credit lines with financial institutions.

Causes of interest conflict Avoidance and Voting status: the above-mentioned Directors were appointed as the Chairman or Director of Formosa Resources Corp. and FSIB respectively or Independent Director of Taishin Financial Holding Co., Ltd., so they were recused from the discussion and voting.
 - (7) The 2nd Board of Directors' Meeting of 2023 (May 9, 2023)

Recusals: Chairman, attending Director Ming-Jen Tzou and Fong-Chin Lin.

Resolutions adopted: To issue a letter of support for the Company's investment business "Formosa Industries Corp." to negotiate credit lines with financial institutions.

Causes of interest conflict Avoidance and Voting status: the above-mentioned Directors were appointed as the

Chairman or Director of Formosa Industries Corp. respectively, so they were recused from the discussion and voting.

(8) The 4th Board of Directors' Meeting of 2023 (August 8, 2023)

Recusals: Chairman, attending Managing Director Wen-Yuan Wong, Wen-Chiao Wang and Ruey-Yu Wang, Director Zo Chun, Jen, Kuei-Yung Wang and Chung-Yueh Shih.

Resolutions adopted: To compile plan of lending funds for the fourth quarter of 2023.

Causes of interest conflict Avoidance and Voting status: the above-mentioned Directors were appointed as the Chairman, Managing Director, Director, representative of the juristic person of the borrowing Company respectively, or as Managing Director's relative within the second degree of kinship, so they were recused from the discussion and voting.

(9) The 4th Board of Directors' Meeting of 2023 (August 8, 2023)

Recusals: Chairman, attending Managing Director Wen-Yuan Wong, Wen-Chiao Wang and Ruey-Yu Wang, Director Ming-Jen Tzou, Zo Chun, Jen and Kuei-Yung Wang.

Resolutions adopted: Equipment transactions with related parties include Formosa Heavy Industries Corp., Formosa Plastics Corp., Formosa Technologies Corp. and Nan Ya Photonics Incorporation.

Causes of interest conflict Avoidance and Voting status: the above-mentioned Directors were appointed as the Chairman, Managing Director, Director, representative of the juristic person of the related parties, or as Managing Director's relative within the second degree of kinship, so they were recused from the discussion and voting.

(10) The 4th Board of Directors' Meeting of 2023 (August 8, 2023)

Recusals: Attending Managing Director Wen-Yuan Wong and Wen-Chiao.

Resolutions adopted: To increase investment in "Formosa Resources Corp." by USD 25 million.

Causes of interest conflict Avoidance and Voting status: the above-mentioned Directors were appointed as the Chairman or Director of Formosa Resources Corp. respectively, so they were recused from the discussion and voting.

(11) The 4th Board of Directors' Meeting of 2023 (August 8, 2023)

Recusals: Attending Director Ming-Jen Tzou, Zo-Chun Jen, Kuei-Yung Wang, Fong-Chin Lin, Cheng-Chung Lee and Chung-Yueh Shih.

Resolutions adopted: The managers' salary adjustments of the Company in 2023 shall be in line with that of all employees.

Causes of interest conflict Avoidance and Voting status: the above-mentioned Directors were the involved parties, so they were recused from the discussion and voting.

(12) The 5th Board of Directors' Meeting of 2023 (November 10, 2023)

Recusals: Chairman, attending Managing Director Wen-Yuan Wong and Ruey-Yu Wang, Director Ming-Jen Tzou, Zo Chun, Jen, Kuei-Yung Wang, Fong-Chin Lin and Chung-Yueh Shih.

Resolutions adopted: To compile plan of lending funds for the first quarter of 2024.

Causes of interest conflict Avoidance and Voting status: the above-mentioned Directors were appointed as the Chairman, Managing Director, Director, representative of the juristic person of the borrowing Company respectively, or as Managing Director's relative within the second degree of kinship, so they were recused from the discussion and voting.

(13) The 6th Board of Directors' Meeting of 2023 (December 13, 2023)

Recusals: Attending Managing Director Wen-Yuan, Wong.

Resolutions adopted: To issue a letter of support for the Company's investment business "Formosa Steel IB Pty. Ltd." to negotiate credit lines with financial institutions.

Causes of interest conflict Avoidance and Voting status: the above-mentioned Director was appointed as the Chairman of Formosa Resources Corp., so he was recused from the discussion and voting.

3. TWSE/TPEX Listed Companies shall disclose information including the evaluation cycles, evaluation periods, scope, method and content of the Board of Directors' self (or peer) performance evaluation:

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Items	Result
Once a year	2022.10.01~ 2023.09.30	Board of Directors	Self-Evaluation by Directors Themselves	1. Level of participation in operation of the Company. 2. Improvement of Board decision quality. 3. Composition and Structure of Board of Directors. 4. Appointment of directors and continuing education. 5. Internal control	Well
Once a year	2022.10.01~ 2023.09.30	Member of Directors	Self-Evaluation by Directors Themselves	1. Grasp of targets and missions of the Company. 2. Understanding of the director's duties 3. Level of participation in operation of the Company. 4. Internal relationship management and communication. 5. Director's specialty and continuing education. 6. Internal control	Well

Once a year	2022.10.01~ 2023.09.30	Audit Committee	Self-Evaluation by Committee Themselves	1. Level of participation in operation of the Company. 2. Understanding of the duties of Audit Committee. 3. Improvement of the decision-making quality of Audit Committee. 4. Composition of Audit Committee and member selection. 5. Internal control	Well
Once a year	2022.10.01~ 2023.09.30	Remuneration Committee	Self-Evaluation by Committee Themselves	1. Level of participation in operation of the Company. 2. Understanding of the duties of Remuneration Committees. 3. Improvement of the decision-making quality of Remuneration Committee. 4. Composition of Remuneration Committees and member selection 5. Internal Control.	Well
Once a year	2022.10.01~ 2023.09.30	Sustainable Development Committee	Self-Evaluation by Committee Themselves	1. Level of participation in operation of the Company. 2. Understanding of the duties of Sustainable Development Committee. 3. Improvement of the decision-making quality of Sustainable Development Committee. 4. Composition of Sustainable Development Committee and member selection. 5. Internal Control.	Well

4. Measures taken to strengthen the functionality of the Board:

- (1) The operations of the Board of Directors of the Company are accordance with statute, Articles of Incorporation and the exercise power resolved by the Shareholders' Meeting. Besides the professional knowledge, skills and literacy equipped for the performing duties, all directors should maximize the shareholders' interests according to good faith principle and duty of care.
- (2) The Company has elected Independent Directors. To establish a well board governance system, sound supervision function and strengthen management functions, the Company has established the regulations governing procedure for Board of Directors' Meetings according to the provisions of the securities authority. The main matters for discussion, operating procedures, matters to be recorded in the proceedings, the announcements and other matters to be followed were included and shall be handled in accordance with the provisions of this code.
- (3) Besides annual review of operation of Board of Directors and strengthen the functions of the Board of Directors, the internal auditors also submit monthly audit reports on operation of Board of Directors to the Independent Directors for reviewed before the end of the next month in compliance with the regulations of the competent securities authorities.
- (4) In accordance with the provisions of the securities regulatory authority, the Company passed the resolution of the Board of Directors on Aug. 26, 2011 and set up the Remuneration Committee. The Remuneration Committee has held 2 meetings in 2023 to report the Manager Year-End Bonus Distribution Standard of 2022 and assess the policy and system of managers' 2023 remuneration and had submitted the proposal to the Board of Directors' meeting for discussion.
- (5) In accordance with the provisions of the securities regulatory authority, the Company passed the resolution of the Board of Directors on Jun. 23, 2016 and set up the Audit Committee to replace Supervisors. The Audit Committee has held 5 meetings in 2023 and submitted the resolved matters to Board of Directors for resolve to implement corporate governance.
- (6) The Company passed the resolution of the Board of Directors on Jun. 10, 2022 and set up the Sustainable Development Committee. The Sustainable Development Committee has held 2 meetings in 2023. Besides implement sustainable development goals such as environmental protection, social responsibility and corporate governance, the committee shall report the strategies, visions, goals, implement policies and achievements of sustainable development to the Board of Directors at least once a year.
- (7) To improve the function of Board of Directors, the Company establish performance indicator to strengthen the operation efficiency of Board of Directors. The Company passed "Self-Evaluation of the Board of Directors" on Aug. 10, 2020 Board of Directors' Meeting and conduct internal performance assessment once a year and submitted to the Board of Directors for report by the end of the 1st quarter of following year.

Note 1: If directors and supervisors are institutions, names of shareholders and the representative of the institutions shall be disclosed.

Note 2: (1) In the event that directors leave before a year is completed, the date when they leave should be indicated in the memo column. The actual attendance (seated) rate (%), on the other hand, shall be calculated by the number of Board of Directors' meetings held during service and the frequency number of attendance (being seated) in the meetings.

(2) Before a year is completed, upon any re-election of directors, names of the said directors, new and old, shall be listed and it shall be specified in the remark column that a specific director is old, new, or re-elected, and the date of re-election. The actual attendance (seated) rate (%), on the other hand, is to be calculated by the number of Board of Directors' meetings.

3.4.2 Audit Committee Meeting Status or the Participation of Supervisors in the Operations of the Board of Directors

3.4.2.1 The tenure of the committee members this year is from June 10, 2022 to June 9, 2025. A total of 5 meetings 【A】 of Audit Committee were held as of Dec. 31, 2022. The attendance of the members was as follows:

Title	Name	Attend in person 【B】	Commissioned times	Attendance rate in person (%) 【B/A】 (Note)	Remark
Convener	Chih-Kang Wang	5	0	100.0	
Member	Yi-Fu Lin	5	0	100.0	
Member	Yun-Peng Chu	5	0	100.0	

Other mentionable:

1. The operation of the Audit Committee shall, if any of the following circumstances, specify the date of the Board, date, contents, results of the Audit Committee resolutions and the handling of the opinions of the Audit Committee as below:

(1) The matters listed in Article 14-5 of the Securities Exchange Act.

(2) Except previous matters, the other approved by the Audit Committee, and by more than two-thirds of all directors agreed to the matter.

Audit Committee Meeting	Content	Article 14-5 of Securities and Exchange Act	The other approved by the Audit Committee, and by more than two-thirds of all directors agreed to the matter
2023.03.08 1 st in 2023	1. Content		
	(1) To formulate 2022 financial statements of the Company.	✓	-
	(2) To formulate the pre-approval policy of non-assurance services provided by CPA.	-	-
	(3) To replace the CPA of financial report.	✓	-
	(4) To compile plan of lending funds for the second quarter of 2023.	✓	-
	(5) To donate "Kaohsiung Cultural Foundation of Brothers Wang Yung-Ching and Wang Yung-Tsai Park" NTD 90,382,426.	✓	-
	(6) To formulate the Company's Internal Control System Statement.	✓	-
	2. Contents of independent directors' objections, reservations or major recommendations: No.		
	3. Audit Committee Resolution		
	(1) In the 1 st case, the CPA, Hui-Chih Ko, explained the audit matters to the members of Audit Committee at the Communication Symposium alone. The convener inquired about the reason for the decrease in revenue and net income compared to 2022 and received an explanation and response from the Chairman.		
	(2) In the 2 nd case, the CPA, Hui-Chih Ko, explained the purpose of formulating the pre-approval policy of non-assurance services to the members of Audit Committee at the Communication Symposium alone. The Chairman supplemented the principle of formulation.		
	(3) In the 3 rd case, the CPA, Hui-Chih Ko, explained the audit quality indicator to the members of Audit Committee at the Communication Symposium alone.		
	(4) In the 4 th case, the convener inquired about whether the terms for the loan comply with market conditions and received an explanation and response from the Financial Officer.		
	(5) In the 6 th case, the convener inquired about the purpose of issuing the statement and received an explanation and response from the attending officer.		
	(6) Members of Audit Committee agreed to approve all the cases unanimously, which were then submitted to the Board of Directors for resolution.		
	4. The handling of the opinions of the Audit Committee of the Company and the resolution of the Board of Directors: The above-mentioned cases were submitted to the Board of Directors for discussions were approved by the other attending Directors, except for some Directors who did not participate in the voting due to conflicts of interest.		

Board of Directors	Content	Article 14-5 of Securities and Exchange Act	The other approved by the Audit Committee, and by more than two-thirds of all directors agreed to the matter
2023.5.9 2 nd in 2023	1. Content (1) To formulate 2023 Q1 financial statements of the Company. (2) To compile plan of lending funds for the third quarter of 2023. (3) To trade with related parties, include Formosa Heavy Industries Corp., Formosa Plastics Corp., Formosa Technologies Corp. and Nan Ya Photonics Inc. (4) To issue a letter of support for the Company's investment business "Formosa Ha Tinh (Cayman) Ltd." to negotiate credit lines with financial institutions." (5) To issue a letter of support for the Company's investment business "Formosa Steel IB Pty Ltd." to negotiate credit lines with financial institutions. (6) To issue a letter of support for the Company's investment business "Formosa Industries Corp." to negotiate credit lines with financial institutions. (7) To amend the "Internal Control Systems" and "Internal Audit Implement Rules".	- ✓ ✓ ✓ ✓ ✓ ✓	- - - - - - -
	2. Contents of independent directors' objections, reservations or major recommendations: No. 3. Audit Committee Resolution (1) In the 1 st case, the CPA, Hui-Chih Ko, explained the audit matters to the members of Audit Committee at the Communication Symposium alone. The convener inquired about the status of revenue and net income in 1Q23 and received an explanation and response from the Chairman and the attending officer. (2) In the 2 nd case, the convener inquired about whether the loan recipients were all related parties and whether the terms were better than market conditions and received an explanation and response from the Financial Officer. (3) In the 3 rd case, the convener designated attending officers to supplement the relevant information of related party transaction and received an explanation and response from the Internal Audit Officer. (4) In the 4 th case, the convener designated attending officers to supplement the content of support letter and whether there was any different from the past and received an explanation and response from the Financial Officer. (5) In the 5 th case, the convener designated attending officers to supplement the content of support letter and whether there was any different from the past and received an explanation and response from the Financial Officer. (6) In the 6 th case, the convener designated attending officers to supplement the reason for issuing the support letter and its main content and received an explanation and response from the Chairman and the Financial Officer. (7) In the 7 th case, the convener designated attending officers to explain the key points of the revision and received an explanation and response from the Internal Audit Officer. (8) Except for some Directors did not participate in the voting of item 5 due to conflicts of interest, the above-mentioned cases were approved by attending members and were submitted to the Board of Directors for resolution. 4. The handling of the opinions of the Audit Committee of the Company and the resolution of the Board of Directors: The above-mentioned cases were submitted to the Board of Directors for discussions were approved by the other attending Directors, except for some Directors who did not participate in the voting due to conflicts of interest.		
2023.8.8 3 rd in 2023	1. Content (1) To formulate 2023 Q2 financial statements of the Company. (2) To increase investment in "Formosa Resources Corp." by USD 25 million. (3) To compile plan of lending funds for the fourth quarter of 2023.	- ✓ ✓	- - -

Board of Directors	Content	Article 14-5 of Securities and Exchange Act	The other approved by the Audit Committee, and by more than two-thirds of all directors agreed to the matter
	(4) To trade with related parties, include Formosa Heavy Industries Corp., Formosa Plastics Corp., Formosa Technologies Corp. and Nan Ya Photonics Inc.	✓	-
2023.8.8 3 rd in 2023	2. Contents of independent directors' objections, reservations or major recommendations: No. 3. Audit Committee Resolution (1) In the 1 st case, the CPA, Hui-Chih Ko, explained the audit matters to the members of Audit Committee at the Communication Symposium alone. The Chairman supplemented the operation performance of 1H23. (2) In the 2 nd case, the Chairman and the attending officer supplemented the reason and purpose of capital increase. (3) In the 3 rd case, the convener inquired about whether the terms for the loan comply with market conditions and received an explanation and response from the Financial Officer. (4) In the 4 th case, the convener designated attending officers to supplement the relevant information of related party transaction and received an explanation and response from the Internal Audit Officer. (5) Members of Audit Committee agreed to approve all the cases unanimously, which were then submitted to the Board of Directors for resolution. 4. The handling of the opinions of the Audit Committee of the Company and the resolution of the Board of Directors: The above-mentioned cases were submitted to the Board of Directors for discussions were approved by the other attending Directors, except for some Directors who did not participate in the voting due to conflicts of interest.		
	1. Content (1) To formulate 2023 Q3 financial statements of the Company. (2) To compile plan of lending funds for the first quarter of 2024. (3) To increase investment in "Formosa Plastics Construction Corp." by NTD 0.5 billion. (4) To dispose 100% shareholdings of "Nan Ya Plastics (Guangzhou) Co., Ltd.", an indirect investment in China.	- ✓ ✓ ✓	- - - -
2023.11.10 4 th in 2023	2. Contents of independent directors' objections, reservations or major recommendations: No. 3. Audit Committee Resolution (1) In the 1 st case, the CPA, Hui-Chih Ko, explained the audit matters to the members of Audit Committee at the Communication Symposium alone. The convener inquired about the operational performance in the first three quarters and the third quarter of 2023 compared to the same period in 2022 and received the supplementation from the Chairman and the attending officer. (2) In the 2 nd case, the convener inquired about whether the terms for the loan comply with market conditions and received an explanation and response from the Financial Officer. (3) In the 3 rd case, the Chairman and the attending officer supplemented the reason and purpose of capital increase. (4) In the 4 th case, the Chairman supplemented the reason of disposal. (5) Members of Audit Committee agreed to approve all the cases unanimously, which were then submitted to the Board of Directors for resolution. 4. The handling of the opinions of the Audit Committee of the Company and the resolution of the Board of Directors: The above-mentioned cases were submitted to the Board of Directors for discussions were approved by the other attending Directors, except for some Directors who did not participate in the voting due to conflicts of interest.		
	1. Content (1) To issue a letter of support for the Company's investment business "Formosa Steel IB Pty Ltd." to negotiate credit lines with financial institutions.	✓	-
2023.12.13 5 th in 2023	2. Contents of independent directors' objections, reservations or major recommendations: No. 3. Audit Committee Resolution (1) In the 1 st case, the convener designated attending officers to supplement the content of support letter and whether there was any different from the past and received an explanation and response from the Financial Officer. (2) Members of Audit Committee agreed to approve all the cases unanimously, which were then submitted to the Board of Directors for resolution. 4. The handling of the opinions of the Audit Committee of the Company and the resolution of the Board of Directors: The above-mentioned cases were submitted to the Board of Directors for discussions were approved by the other attending Directors, except for some Directors who did not participate in the voting due to conflicts of interest.		

2. Recusals of Independent Directors due to conflicts of interests in 2023, the name of Independent Director, resolutions adopted, causes of interest conflict avoidance and voting status should be stated:
- (1) Period and Date: The 2nd Board of Directors' Meeting of 2023, the 2nd Audit Committee (May 9, 2023)
- Recusals: Independent Director Yi-Fu, Lin.
- Resolutions adopted: To issue a letter of support for the Company's investment business "Formosa Steel IB Pty Ltd." to negotiate credit lines with financial institutions.
- Causes of interest conflict Avoidance and Voting status: Independent Director, Yi-Fu, Lin, was recused from the discussion and voting because he served as Independent Director of Taishin Financial Holding Co., Ltd.
3. Communication between Independent Directors, the Internal Audit Officer and the CPA (e.g. the major matters, means and results of financial and business status of the Company):
- (1) Communication between Independent Directors and the CPA of the Company
- The Audit Committee of the Company is composed of the entire number of independent directors. The Company quarterly arranges CPAs attend to report to the independent directors about the audit (or review) results of the Company and its subsidiaries' financial status and overall operating results and fully communicate and explain whether the amendment of the laws affects the accounting results.
- (2) Communication between Independent Directors and the Internal Audit Officer of the Company
- A. The amendment of the "Internal Control Systems" and "Internal Audit Implementation Rules" of the Company shall be subjected to the approval of the Audit Committee and shall be submitted to the Board of Directors for a resolution.
- B. The assessment of internal control system effectiveness (with Declaration of Internal Control issued) of the Company shall be subjected to the approval of the Audit Committee and shall be submitted to the Board of Directors for a resolution.
- C. The audit office of the Company regularly submits the internal audit report to the Independent Directors for review.
- D. The Internal Auditing Office submits the internal audit plan for the following year to the Board of Directors for resolution before the end of the fiscal year
- E. The Independent Directors and the Internal Audit Officer shall communicate on the internal audit execution status and internal control operation status of the company at least once a quarterly regular meeting. In addition to the audit report on the status of correction of defects and irregularities of internal control systems, the report shall be continued and follow up reminders to determine relevant units to take appropriate improvement measures in time.
- (3) The summary of the communication between the Independent Director, the CPA and the Internal Audit Officer of the Company in 2023.

Date	Attendee	Content	Result
2023.3.8 Communication Symposium with CPA (alone)	1. All Independent Directors Chih-Kang Wang, Yi-Fu Lin and Yun-Peng Chu 2. CPA Hui-Chih Ko	To explain the opinion and other matters of 2022 financial report.	Well. No comment.
2023.3.8 Audit Committee	1. All Independent Directors Chih-Kang Wang, Yi-Fu Lin and Yun-Peng Chu 2. Internal Audit Officer Yung-Sen Wang 3. Chairman and the management	To formulate "Internal Control System Statement" of the Company of 2022.	All the attended member approved and submitted to the Board of Directors for resolution.
2023.3.8 Board of Directors	1. All Independent Directors Chih-Kang Wang, Yi-Fu Lin and Yun-Peng Chu 2. Internal Audit Officer Yung-Sen Wang 3. Directors and the management	To report the execution status of the Company's internal audit plan of the Nov. and Dec. in 2022.	Noted. No comment.
2023.3.8 Board of Directors	1. All Independent Directors Chih-Kang Wang, Yi-Fu Lin and Yun-Peng Chu 2. Internal Audit Officer Yung-Sen Wang 3. Directors and the management	To formulate "Internal Control System Statement" of the Company of 2022.	All the attended directors approved.
2023.5.9 Audit Committee	1. All Independent Directors Chih-Kang Wang, Yi-Fu Lin and Yun-Peng Chu 2. Internal Audit Officer Yung-Sen Wang 3. Chairman and the management	To amend Internal Information Processing Procedures, Management for Preventing Insider Trading, "Internal Control Systems" and "Internal Audit Implement Rules" of the Company's shareholders procedure.	All the attended member approved and submitted to the Board of Directors for resolution.
2023.5.9 Board of Directors	1. All Independent Directors Chih-Kang Wang, Yi-Fu Lin and Yun-Peng Chu 2. Internal Audit Officer Yung-Sen Wang 3. Directors and the management	To report the execution status of the Company's internal audit plan of the 2023Q1.	Noted. No comment.
2023.5.9 Board of Directors	1. All Independent Directors Chih-Kang Wang, Yi-Fu Lin and Yun-Peng Chu 2. Internal Audit Officer Yung-Sen Wang 3. Directors and the management	To amend Internal Information Processing Procedures, Management for Preventing Insider Trading, "Internal Control Systems" and "Internal Audit Implement Rules" of the Company's shareholders procedure.	All the attended directors approved.

Date	Attendee	Content	Result
2023.5.31 Board of Directors	1. All Independent Directors Chih-Kang Wang, Yi-Fu Lin and Yun-Peng Chu 2. Internal Audit Officer Yung-Sen Wang 3. Directors and the management	To report the status of correction of defects and irregularities of internal control systems for 2022.	Noted. No comment.
2023.8.8 Communication Symposium with CPA (alone)	1. All independent directors Chih-Kang Wang, Yi-Fu Lin and Yun-Peng Chu 2. CPA Hui-Chih Ko	To explain the opinion and other matters of 2023Q2 financial report.	Well. No comment.
2023.8.8 Board of Directors	1. All Independent Directors Chih-Kang Wang, Yi-Fu Lin and Yun-Peng Chu 2. Internal Audit Officer Yung-Sen Wang 3. Directors and the management	To report the execution status of the Company's internal audit plan of 2023Q2.	Noted. No comment.
2023.11.10 Communication Symposium with CPA (alone)	1. All independent directors Chih-Kang Wang, Yi-Fu Lin and Yun-Peng Chu 2. CPA Hui-Chih Ko	To explain the opinion and other matters of 2023Q3 financial report.	Well. No comment.
2023.11.10 Board of Directors	1. All Independent Directors Chih-Kang Wang, Yi-Fu Lin and Yun-Peng Chu 2. Internal Audit Officer Yung-Sen Wang 3. Directors and the management	To report the execution status of the Company's internal audit plan of 2023Q3.	Noted. No comment.
2023.12.13 Communication Symposium with Internal audit officer (alone)	1. All Independent Directors Chih-Kang Wang, Yi-Fu Lin and Yun-Peng Chu 2. Internal Audit Officer Yung-Sen Wang	To communicate the principles for the formulation of the Company's internal audit plan in 2024.	Well. No comment.
2023.12.13 Board of Directors	1. All Independent Directors Chih-Kang Wang, Yi-Fu Lin and Yun-Peng Chu 2. Internal Audit Officer Yung-Sen Wang 3. Directors and the management	To report the execution status of the Company's internal audit plan of the Oct. in 2023.	Noted. No comment.
2023.12.13 Board of Directors	1. All Independent Directors Chih-Kang Wang, Yi-Fu Lin and Yun-Peng Chu 2. Internal Audit Officer Yung-Sen Wang 3. Directors and the management	To formulate the Company's internal audit plan in 2024.	All the attended directors approved.

(4) The key emphasis in work and operation status:

A.The Audit Committee of the Company is composed of 3 independent directors. For their profession qualification please refer to 3.2 Directors, Supervisors and Management Team of Chapter 3 Corporate Governance. A total of 5 meetings were held in 2023, for each discussion of proposals and follow up please refer to "1. Independent Directors' opinions and the Company's response", the key emphasis in work are as follows:

1. Adoption or amendment of an internal control system pursuant to Article 14-1.
2. Assessment of the effectiveness of the internal control system.
3. Adoption or amendment, pursuant to Article 36-1, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
4. A matter bearing on the personal interest of a director.
5. A material asset or derivatives transaction.
6. A material monetary loan, endorsement, or provision of guarantee.
7. The offering, issuance, or private placement of any equity-type securities.
8. The hiring or dismissal of an attesting CPA, or the compensation given thereto.
9. The appointment or discharge of a financial, accounting, or internal audit officer.
10. Annual financial reports
11. Any other material matter so required by the Company or the Competent Authority.

B.The Audit Committee will continue to assist the Board of Directors to supervise the fair presentation of the financial statements of the Company, the hiring (and dismissal), independence, and performance of certificated public accountants of the Company, the effective implementation of the internal control system of the Company, compliance with relevant laws and regulations by the Company and management of the existing or potential risks of the Company in 2024.

Note1: In case of resignation of independent directors before the year is completed, the date of resignation shall be stated in the remark column. The actual seated rate (%), on the other hand, shall be calculated by the number of actual frequency of the independent directors being seated in the meetings during his/her tenure.

Note2: Before a year is completed, upon any re-election of independent directors, names of the said independent directors, new and old, shall be listed and it shall be specified in the remark column that a specific supervisor is old, new, or re-elected, and the date of re-election. The actual seated rate (%), on the other hand, is calculated by the frequency of the independent directors being seated in the meetings during his/her tenure.

3.4.2.2 The Participation of Supervisors in the Operations of the Board of Directors

The Company has set up the Audit Committee to replace Supervisors on Jun. 23, 2016.

3.4.3 Corporate Governance Implementation Status and Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
1. Did the Company establish and disclose the Corporate Governance Best Practice Principles based on “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”?	V		The Company passed the resolution of the Board of Directors on November 12, 2014 and set a Corporate Governance Practice Principles, which was disclosed on the information reporting website designated by the securities authority and the Company’s website. Consistent with Article 1 and Article 2 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. The content is slightly revised in accordance with the Company’s practice, but it is consistent with the spirit of the Code.
2. Shareholding structure and shareholders’ rights (1) Did the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		In compliance with Article 13 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(2) Did the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	V		In compliance with Article 19 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(3) Did the Company establish and execute the risk management and firewall systems with its affiliated businesses?	V		In compliance with Article 14 to Article 17 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
			<p>needs. Guaranteed coverage and limits have also been set for endorsement guarantees for other companies.</p> <p>c. To reduce losses, comprehensive risk assessment for banks, customers, and suppliers are performed. Each company credit authorization to the same customer and stop payment to the same supplier can be review through the computer system.</p> <p>d. The relationship between the Company and the related companies, such as transaction management, endorsement, loans, etc., are monitored. In accordance with the “Regulations Governing Establishment of Internal Control Systems by Public Companies”, outlined by the Financial supervisory Commission, the Company has set up “Supervision and Management of Subsidiaries” to implement the risk control mechanism for its subsidiaries.</p>
(4) Did the Company establish internal rules that prohibit Company insiders from trading securities using undisclosed information?	V		In compliance with Article 10-3 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
3. Composition and responsibilities of the Board of Directors: (1) Did the board of directors formulate and implement diversified policies, specific management objectives?	V		In compliance with Article 20 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Implementation Status (Note)		Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	
			number of directors, and 50% of directors with experiences in 2 or more industries in 2024. Please refer to 3.2 Directors, Supervisors and Management Team of Chapter 3 Corporate Governance for implementation status and diversification policy of the Board members.
(2) In addition to establishing the Salary and Remuneration Committee and Audit Committee according to the regulations, has the Company voluntarily established other functional committees?	V	V	(2) The Company has set up a Remuneration Committee after the resolution of the Board of Directors on August 26, 2011. The Board of Directors also resolved on June 23, 2016 to set up the Audit Committee in accordance with Article 14-4 of Securities and Exchange Act. In addition, to strengthen the Board of Directors' supervision toward sustainable development targets, the Board of Directors resolved to set up Sustainable Development Committee on June 10, 2022. The inaugural is composed of 5 Directors including Chairman Chia-Chau Wu, Independent Directors Chih-Kang Wang, Yi-Fu Lin, Yun-Peng Chu and Director Ming-Jen Tzou. More than half of the members are Independent Directors. (3) The Company has established the "Self-Evaluation of the Board of Directors" and resolved by the Board of Directors on August 10, 2020 and evaluate the performance of the Board of Directors, the Audit Committee, Remuneration Committee and Sustainable Development Committee at least once a year. The performance evaluation results for 2023 are all well and have been submitted to the Board of Directors on December 13, 2023. The relevant information could serve as references in determining remunerations, nomination, and re-appointment of the Company Directors. (4) The Company evaluates the independence and competence of CPAs at least once a year and assess 5 aspects of CPA including the professionalism of CPA, control of audit quality, independence, external supervision and innovation ability according to 13 indicators of audit Quality Indicators (AQIs). CPAs and their firms are required to fill up questionnaire, provide "Independence Declaration Statement" and relevant information for the Company to assess. Based on the standard assessment results of independence as shown in the table
(3) Did the company establish a standard to measure the performance of the Board of Directors and implement it annually? And report the results of the performance evaluation to the Board of Directors, in addition, use them as a reference for individual directors' remuneration and nomination of re-appointment?	V		In compliance with Article 28 and Article 28-1 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. Article 28-2 has not been met, since the Company is able to nominate suitable and appropriate Director candidates, and there is no operational need to set up a Nomination Committee. In compliance with Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(4) Did the Company regularly evaluate the independence of CPAs?			In compliance with Article 29 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons																											
	Yes	No																												
	Summary																													
		<p>below, CPAs have no financial interests or business relationships other than fees for audit and tax cases with the Company. Furthermore, with reference to AQI indicators, it is confirmed that CPAs and their firms have superior levels of audit experience and training compared to industry averages and have implemented or planned initiatives to enhance audit quality in the past three years. These initiatives include the implementation of digital audit platforms, digitization of evidence, FileEx file exchange platforms, and the development of audit analysis tools such as iRADAR financial product valuation tools, aimed at improving audit quality.</p> <table><tr><th>Assessment Item</th><th>Result</th><th>Independence Compliance</th></tr><tr><td>Whether the CPAs have direct or significant indirect financial interest relationship with the Company?</td><td>No</td><td>Yes</td></tr><tr><td>Whether the CPAs have engaged in financing or guarantee activities with the Company or directors of the Company?</td><td>No</td><td>Yes</td></tr><tr><td>Whether the CPAs have a close business relationship or potential employment relationship with the Company?</td><td>No</td><td>Yes</td></tr><tr><td>Whether the CPAs and members of their audit team have held positions as directors, managers, or roles significantly influencing audit work in the Company in the past two years or currently?</td><td>No</td><td>Yes</td></tr><tr><td>Whether the CPAs have provided non-audit services to the Company that may directly affect audit work?</td><td>No</td><td>Yes</td></tr><tr><td>Whether the CPAs have acted as an intermediary for the issuance of stocks or other securities by the Company?</td><td>No</td><td>Yes</td></tr><tr><td>Whether the CPAs have served as legal counsel for the Company or represented the Company in coordinating conflicts with third parties?</td><td>No</td><td>Yes</td></tr><tr><td>Whether the CPAs have a familial relationship with directors, managers, or individuals in significant roles affecting audit cases within the Company</td><td>No</td><td>Yes</td></tr></table> <p>The assessment results of the independence and suitability of the annual CPAs for the recent year have been submitted to the Audit Committee and the Board of Directors on Mar. 12, 2024.</p>	Assessment Item	Result	Independence Compliance	Whether the CPAs have direct or significant indirect financial interest relationship with the Company?	No	Yes	Whether the CPAs have engaged in financing or guarantee activities with the Company or directors of the Company?	No	Yes	Whether the CPAs have a close business relationship or potential employment relationship with the Company?	No	Yes	Whether the CPAs and members of their audit team have held positions as directors, managers, or roles significantly influencing audit work in the Company in the past two years or currently?	No	Yes	Whether the CPAs have provided non-audit services to the Company that may directly affect audit work?	No	Yes	Whether the CPAs have acted as an intermediary for the issuance of stocks or other securities by the Company?	No	Yes	Whether the CPAs have served as legal counsel for the Company or represented the Company in coordinating conflicts with third parties?	No	Yes	Whether the CPAs have a familial relationship with directors, managers, or individuals in significant roles affecting audit cases within the Company	No	Yes	
Assessment Item	Result	Independence Compliance																												
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Evaluation Item	Implementation Status (Note)				Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons	
	Yes	No	Summary			
			Beginning Date	End Date		
4. Does the TWSE/TPEx listed company have qualified corporate governance personnel in an appropriate number and appoint one chief corporate governance officer in charge of the company' corporate governance affairs (including but not limited to providing information required for Director/Supervisor's operations, assistance to the directors and supervisors in complying with laws and regulations, convening board/shareholder meetings in compliance with the law, apply for/change Company registry and producing meeting minutes of board/shareholder meetings)?	V		(1) The Company has set up a Chief Governance Officer as the most senior manager in charge of corporate governance-related tasks on May 18, 2019. Appropriate personnel have also been designated to handle corporate governance tasks. The Chief Governance Officer has more than three years of experience in the financial supervisory position of public company, supervises President Office, which is responsible for corporate governance-related matters includes handling Board of Directors’ and shareholders’ meetings, taking minutes of such meetings, assisting Directors come to the office and continue training, providing Directors relevant information for operations, assisting Directors compliance with law and regulations, reporting to the Board of Directors the examination results of the qualifications of Independent Directors and so on.		In compliance with Article 3-1 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.	
	(2) The corporate governance officer has completed 12 hours lessons in 2023:					
	2023.9.23	2023.9.23	Organizer	Program		Hours
			Securities and Futures Institute	Carbon Emissions Trading Mechanism and Carbon Management Applications		3
				Economic Outlook and Industry Trends in 2024		3
	2023.10.3	2023.10.3	Securities and Futures Institute	Introduction to Disputes over right of management and Commercial Case Adjudication Act		3
				How should directors and supervisors supervise enterprise risk management and crisis handling		3
	(3) The operations in 2023 and 2024 are as follows:					
	1. Assist Independent Directors and Directors in performing their duties, providing the necessary information and arranging for continuing education.					
	a. Pre- register the date of Shareholders’ Meeting according to laws and prepare meeting announcement, agenda handbook for the Shareholders’ Meeting, annual					

Evaluation Item	Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
			<p>report, meeting minutes, handle announcements and other related matters within legal limit.</p> <p>b. Draft the agenda of Board of Directors and functional committee and notify all the directors and committee members 7 days in advance. Remind in advance if the topic required recusal. Complete and send the meeting minutes within 20 days after the meeting. Ensure the meeting procedures comply with legal regulations.</p> <p>c. Review matters of material information announcement of Board of Directors’ major resolutions and ensure the legality and accuracy of content of material information to ensure the transaction information symmetry of investors.</p> <p>2. Assist the directors in complying with legal requirements.</p> <p>a. Remind directors of their rights and obligations, equity transactions and prevention of insider trading and other relevant regulations.</p> <p>b. Provide relevant regulations compliance of business execution, corporate operation and corporate governance to directors.</p> <p>3. Arrange Directors’ annual education to continuously enhance their expertise according to “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies”</p> <p>4. Review the legality of the qualifications of independent directors during their tenure according to “Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board’s Exercise of Powers”.</p> <p>5. Provide information required by directors to execute business and maintain an open communication channel with internal audit officer and CPA.</p> <p>a. All the directors shall be accessible to obtain the assistance of corporate governance officer to ensure that the procedures, all applicable laws and regulations of Board of Directors are complied, and ensure good communication of information between directors and the management team.</p> <p>b. Responsible for handling requests of directors based on the principle of immediacy and effectiveness within 30 days to assist directors execute their business.</p> <p>c. Assist relevant meeting arrangement when independent directors find the needs to understand the financial affairs with internal audit officers or CPA in accordance with Corporate Governance Best Practice Principles.</p>

Evaluation Item	Implementation Status (Note)		Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	
5. Has the Company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers and suppliers)? Has a stakeholders' area been set up on the Company website? Are major Corporate Social Responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the Company?	V		<p>In compliance with Article 51 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.</p> <p>(1) The Company instructs the President Office to communicate with stakeholders depending on the situation. A spokesperson and a deputy spokesperson have been appointed as the external communication channel.</p> <p>(2) The Company set up the stakeholder area on the Company website to provide detailed contact information for the dedicated personnel, including phone number and e-mail, as the channels for the stakeholders to communicate with the Company.</p> <p>(3) The Company responds to stakeholders' issues of concern at the appropriate time through the following channels:</p> <p>a. Shareholders: Shareholders' meetings are held annually and shareholders can fully exercise their voting rights through electronic means. In addition, the annual report of the shareholders' meeting, the monthly revenue and the quarterly self-closing profit and loss are issued to facilitate shareholders' understanding of the Company's operating conditions.</p> <p>b. Employees: mainly concerned with workplace safety, employee welfare, human rights protection, labor and employment issues, etc. Communication with employees can be conducted through trade unions, plant (office) meetings, etc.</p> <p>c. Suppliers and Contractors: mainly concerned with procurement and contracting policy. The Company adheres to the principle of sustainable management and fair trade and is committed to working with manufacturers that comply with environmental protection, safety, and human rights standards. Open tenders are held through the Formosa Plastics electronic trading platform, and regular briefings are held to strengthen two-way communication and advocacy. In addition, suppliers can ask questions on the Formosa Plastics electronic trading platform, and the questions will be replied by personnel immediately, to achieve the goal of information symmetry.</p> <p>d. Customer: mainly concerned with after-sales service and customer relationship. Issues including product quality and after-sales service that customers care about can be addressed through customer visits, participating in exhibitions, product briefings, customer satisfaction surveys, etc. The website also lists the sales service line and e-mail address. Customer complaints are handled through the "Customer Response Form" and the "Customer Complaint Handling Form."</p> <p>(For the communication status of stakeholders please refer to "About This</p>

Evaluation Item	Implementation Status (Note)			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
6. Does the Company appoint a professional shareholder services agency to deal with shareholder affairs?		V	Report" of the Company's 2023 Sustainability Report) The shareholders' meeting of the Company is currently handled by itself, but the relevant procedures are handled by the designated share unit, the legal office, and the President Office in accordance with rigorous regulations. In addition, the Company has accepted the stock affairs evaluation of Taiwan Depository & Clearing Corp. from 2022, an institution designated by Financial Supervisory Commission. The recent evaluation results are in line with regulation, so that the shareholders' meeting will be convened in a legal, effective, and safe context to ensure shareholders' rights.	Although it does not meet the requirements of Article 7-1 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, it does not impair the operational efficiency of the shareholders' meeting.
7. Information disclosure (1) Did the Company establish a website to disclose information on financial operations and corporate governance?	V		(1) The Company has set up a website in Chinese and English with disclosed relevant financial business and corporate governance information under "Investor Relations Section". The Company's website is: www.npc.com.tw .	In compliance with Article 57 and Article 59 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(2) Did the Company have other information disclosure channels (such as establishing an English language website, delegating a professional to collect and disclose Company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company website)?	V		(2) The Company has a spokesperson and a deputy spokesperson. A dedicated person has been appointed in the President Office to collect and disclose Company information, as well as providing the spokespersons and relevant business departments with answers to stakeholders, investors, and authorities.	In compliance with Article 55-3 and Article 56 and Article 58 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(3) Does the Company publish and report its annual financial report within two months after the end of an accounting period, and publish and report its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified deadline?		V	(3) The Company announces and registers operating status of the previous month on the 6th of each month, announces the unaudited financial data of the previous quarter on the first 10 days of each quarter and announces and registers the financial reports before the prescribed period. Although the Company does not announce the financial reports within 2 months after the end of every fiscal year due to the CPA audit procedures, it has announced the unaudited annual financial reports of the previous year in advance to help investors understand the operating status of the Company.	Although it does not meet the requirements of Article 55-2 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, the Company has announced the unaudited annual financial reports in advance.

Evaluation Item	Implementation Status (Note)			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance (including but not limited to employee's rights, employee wellness, investor relations, supplier relations, stakeholders' rights, Directors and Supervisors training records, implementation of risk management policies and measurement standards, implementation of customer policies and purchase of liability insurance for the Directors and Supervisors of the Company)?	V		<p>(1) Employees' rights: The Company strives to pursue a harmonious labor-management relationship and attaches importance to the right of employees to express their opinions. We have set up physical suggestion boxes at the places where employees have easy access to, as well as an online suggestion box in the Company information system. Each suggestion box is appointed to dedicated personnel for replying, in order to facilitate communication. "Inspection Method" and "Measures for the Prevention, Complaint and Punishment of Sexual Harassment" that establishes the internal whistle-blower channel and protection system has also been set up. In the meantime, we attach importance to employee collective bargaining rights. Board of Supervisors and labor-management meetings are held by the unions regularly. The heads of relevant departments attend the meetings to fully communicate with the labor representatives. If there are written demands and suggestions, they are also reviewed and explained on a regular basis. On major labor issues, the Company gives higher priority to the opinions of the unions, and the top leaders consult with the unions to reach a consensus and ensure the harmonious labor-management relationship as well as the sustainable development of the Company.</p> <p>(2) Employee wellness: To take care of employees' physical and mental health, the Company has budgeted annual health checks at Chang Gung Memorial Hospital. In addition to the items required by the law, the Company has added cancer screening programs such as A-type fetal protein and cancer embryo antigen. The goal is to ensure the employees understand and improve their health status, then further take care and strengthen their own health. In terms of the employees' diet, the Company follows health regulations concerning food source, acceptance and storage, water safety and hygiene, food staff and kitchen cleaning operations, and food and tableware cleaning inspections to ensure the health and safety of employees' diet. In addition, the Company has employed counseling personnel, not only the counseling personnel interview with newcomers regularly to master the adapting situation of newcomers, but also provide in time advice and care when newcomers facing difficulties in work or life. Please refer to "5.5 Labor Relations" of "V. Operations Overview" of the annual report.</p>	In compliance with Articles 52 to Articles 54 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Implementation Status (Note)		Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	
			<p>(3) Investor Relations: The Company uses the President Office and the Stock Affairs Department as a bridge between the Company and its shareholders. In terms of corporate information transparency, the Company's website has an "Investor Relations Section" to provide investors with relevant information. To maintain a good relationship with investors, the Company has set up a spokesperson system to provide a means of contact with shareholders and corporate investment institutions. In addition, the Company participates in investment forums held by domestic and foreign brokerage firms quarterly and holds one on one meetings with both domestic and international investors on irregular basis.</p> <p>(4) Supplier Relations: The Company's procurement and contracting operations are mainly aimed at creating a level playing field by looking for good manufacturers that can provide suitable and appropriate equipment, materials or projects at reasonable prices to meet the needs of expansion or operation of various departments in a timely manner. a. Open and fair procurement and contracting mechanism: The Company uses the "open tender" method to purchase and distribute the contracting system through the Formosa Plastics electronic trading platform. It provides functions such as inquiry, quotation, bargaining, order, delivery, payment progress inquiry, etc. All information is encrypted by electronic voucher and firewall control to ensure the security of all incoming and outgoing data. Vendors can access the inquiry case and make quotations anytime and anywhere through the Internet without time and space restrictions, which greatly improves the efficiency of operations, saves time and money, and reduces operating costs to increase profits. After all the inquiry cases have been launched electronically, the manufacturers with the lowest quotation, fastest delivery time, and best quality are chosen so that both the buyer and the seller can reasonably achieve the goals in a harmonious atmosphere.</p> <p>b. Sound vendor management: To stabilize the quality and delivery of materials and ensure the quality and progress of construction, the Company has conducted evaluation and ranking of all manufacturers through the sound management and evaluation of the</p>

Evaluation Item	Implementation Status (Note)					Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons																																															
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			(6) Director Training Records																																																		
			<table><tr><th>Title</th><th>Name</th><th>Course Date</th><th>Organizer</th><th>Program</th><th>Hours</th></tr><tr><td>Chairman</td><td>Chia-Chau Wu</td><td rowspan="4">2023.9.23</td><td rowspan="4">Securities and Futures Institute</td><td rowspan="4">Economic Outlook and Industry Trends in 2024</td><td rowspan="4">3</td></tr><tr><td>Managing Director</td><td>Wen-Yuan Wong, Ruey-Yu Wang</td></tr><tr><td>Director</td><td>Ming-Jen Tzou, Kuei-Yung Wang, Fong-Chin Lin, Zo-Chun Jen, Cheng-Chung Lee, Chung-Yueh Shih</td></tr><tr><td>Managing Director (Independent Director)</td><td>Chih-Kang Wang</td></tr><tr><td></td><td></td><td>2023.6.2</td><td>Taiwan Corporate Governance Association</td><td>Latest ESG Legislation, Trends, Impacts, and Responses</td><td>3</td></tr><tr><td></td><td></td><td>2023.9.28</td><td>Securities and Futures Institute</td><td>Fair Treatment of Customers and Protection of Financial Consumers</td><td>3</td></tr><tr><td></td><td></td><td>2023.9.28</td><td>Securities and Futures Institute</td><td>Discussion of Anti-Money Laundering and Counter-Terrorist Financing Practices</td><td>2</td></tr><tr><td></td><td></td><td>2023.9.28</td><td>Securities and Futures Institute</td><td>Financial Technology and Supervisory Technology Trends and Practices</td><td>2</td></tr><tr><td></td><td></td><td>2023.8.9</td><td>Taiwan Corporate Governance Association</td><td>The Legal Responsibilities of Directors and Supervisors under ESG</td><td>3</td></tr></table>	Title	Name	Course Date	Organizer	Program	Hours	Chairman	Chia-Chau Wu	2023.9.23	Securities and Futures Institute	Economic Outlook and Industry Trends in 2024	3	Managing Director	Wen-Yuan Wong, Ruey-Yu Wang	Director	Ming-Jen Tzou, Kuei-Yung Wang, Fong-Chin Lin, Zo-Chun Jen, Cheng-Chung Lee, Chung-Yueh Shih	Managing Director (Independent Director)	Chih-Kang Wang			2023.6.2	Taiwan Corporate Governance Association	Latest ESG Legislation, Trends, Impacts, and Responses	3			2023.9.28	Securities and Futures Institute	Fair Treatment of Customers and Protection of Financial Consumers	3			2023.9.28	Securities and Futures Institute	Discussion of Anti-Money Laundering and Counter-Terrorist Financing Practices	2			2023.9.28	Securities and Futures Institute	Financial Technology and Supervisory Technology Trends and Practices	2			2023.8.9	Taiwan Corporate Governance Association	The Legal Responsibilities of Directors and Supervisors under ESG	3		
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Evaluation Item	Implementation Status (Note)					Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons				
	Yes	No	Summary							
			Title	Name	Course Date		Organizer	Program	Hours	
			Independent Director	Yi-Fu Lin	2023.10.12	Chinese National Association of Industry and Commerce	Principle of Fair Treatment of Customers and Financial Consumer Protection Act	3		
					2023.10.12	Chinese National Association of Industry and Commerce	Financial Inclusion and Universal Financial Access	1		
			Independent Director	Yun-Peng Chu	2023.9.23	Securities and Futures Institute	Economic Outlook and Industry Trends in 2024	3		
					2023.10.3	Securities and Futures Institute	How should directors and supervisors supervise enterprise risk management and crisis handling	3		
			Director	Shen-Yi Lee	2023.5.31	Taiwan Academy of Banking and Finance	The Impact of ChatGPT on the Financial Industry and Response Strategies	3		
					2023.6.16	Securities and Futures Institute	Introduction to Insider Trading and Case Analysis	3		
						2023.9.23	Securities and Futures Institute	Carbon Emissions Trading Mechanism and Carbon Management Applications	3	

Evaluation Item	Implementation Status (Note)			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons																		
	Yes	No	Summary																			
			<table><tr><th>Title</th><th>Name</th><th>Course Date</th><th>Organizer</th><th>Program</th><th>Hours</th></tr><tr><td>Director</td><td>Ching-Cheng Chang</td><td>2023.10.3</td><td>Securities and Futures Institute</td><td>Introduction to Disputes over right of management and Commercial Case Adjudication Act</td><td>3</td></tr><tr><td></td><td></td><td>2023.10.3</td><td>Securities and Futures Institute</td><td>How should directors and supervisors supervise enterprise risk management and crisis handling</td><td>3</td></tr></table>	Title	Name	Course Date	Organizer	Program	Hours	Director	Ching-Cheng Chang	2023.10.3	Securities and Futures Institute	Introduction to Disputes over right of management and Commercial Case Adjudication Act	3			2023.10.3	Securities and Futures Institute	How should directors and supervisors supervise enterprise risk management and crisis handling	3	In compliance with Article 39 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
Title	Name	Course Date	Organizer	Program	Hours																	
Director	Ching-Cheng Chang	2023.10.3	Securities and Futures Institute	Introduction to Disputes over right of management and Commercial Case Adjudication Act	3																	
		2023.10.3	Securities and Futures Institute	How should directors and supervisors supervise enterprise risk management and crisis handling	3																	
		<p>(7) The situation in which the Company purchased liability insurance for the Directors: The Company has purchased liability insurance for all Directors, and the insured amount is US\$ 30 million. The above insurance period is from Feb. 1, 2024 to Aug. 1, 2025. The scope of insurance coverage is when a director, major employee or employer duties commit a mistake and a third party suffers losses as a result and shall be responsible for the compensation according to the law, during the insurance period the insurance company should be liable for providing the first compensation claim according to the contract. The Board of Directors has been informed of the status on Mar. 12, 2024.</p> <p>(8) Implementation and policies of risk management: The Company established risk management policies to identify, evaluate, supervise and control risk from every aspect, enhance the risk awareness of employees and make sure all potential risks that might happen are endurable, thus, can the Company execute the optimal strategy to rationalize the balance between profits and risks, please refer to “6. Risk Management” of “VII. Financial Status, Operating Results and Risk Management” of the annual report for further disclosure of risk management policies of the Company.</p> <p>(9) Implementation of customer policy: Customers are the cornerstone of the Company's existence. The goal is to quickly supply the requested products and achieve stable and adequate supply so that customers can continue operate.</p>																				

Evaluation Item			Implementation Status (Note)		Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
Yes	No	Summary			
9. Please specify the Company's measures to improve the items listed in the corporate governance review result by Taiwan Stock Exchange's Corporate Governance Center and the improvement plans for items yet to be completed.					
a. The Stock Exchange's Corporate Governance Center released the results of the 9th corporate governance assessment in 2022. NPC listed the top 6%-20% among the listed companies and improvement measures are formulated for the unscored indicators, which are explained as follows:					
Number	Evaluation Index		Improvement		
1.6	Has the Company held the Shareholders' Meeting by the end of May?		The Company held the 2023 Shareholders' Meeting on May 31, 2023.		
b. The Stock Exchange's Corporate Governance Center released the results of the 10th corporate governance assessment in 2023. NPC listed the top 6%-20% among the listed companies and improvement measures are formulated for the unscored indicators, which are explained as follows:					
Number	Evaluation Index		Improvement		
3.13	Has the Company disclose individual director remuneration in the annual report voluntarily?		The Company will disclose individual director remuneration in 2023 annual report voluntarily.		

Note: Regardless of the answer, "Yes" or "No", descriptions need to be provided in the summary column

3.4.4 Composition, Responsibilities and Operations of NPC's Remuneration Committee

3.4.4.1 Information of the Member of Remuneration Committee

2024.04.21

Identity (Note 1)	Qualification		Independence Status (Note 3)	Number of other public companies' in which the individual is concurrently serving as a member of Remuneration Committee
	Name	Professional Qualifications and Experiences (Note 2)		
Independent Director (Convener)	Chih-Kang Wang	Served as the member of remuneration committee of the Company and Formosa Sumco Technology Corp. respectively from Aug. 2011 and Dec. 2011 till now. Familiar with the relevant issues and operation of remuneration and with extensive experiences. Please refer to 3.2 Directors, Supervisors and Management Team of Chapter 3 Corporate Governance for professional qualifications and experiences	Please refer to 3.2 Directors, Supervisors and Management Team of Chapter 3 Corporate Governance for independence status.	1
Independent Director	Yi-Fu Lin	Served as the member of remuneration committee of Taishin Financial Holding Co., Ltd., the Company and Pan German Universal Motors Ltd. respectively from Jul. 2015, Jun. 2016 and Oct. 2017 till now. Familiar with the relevant issues and operation of remuneration and with extensive experiences. Please refer to 3.2 Directors, Supervisors and Management Team of Chapter 3 Corporate Governance for professional qualifications and experiences		2
Independent Director	Yun-Peng Chu	Served as the member of remuneration committee of the Company, China Petrochemical Development Corp. and Asia Cement Corp. respectively from Aug. 2011, Mar. 2019 and Aug. 2020. Besides, during the period of 2017 to 2020 served as the member of remuneration committee of Taiwan Land Development Corp. Familiar with the relevant issues and operation of remuneration and with extensive experiences. Please refer to 3.2 Directors, Supervisors and Management Team of Chapter 3 Corporate Governance for professional qualifications and experiences		2

Note1: Please state the relevant job tenure, professional qualification and experience and independence status of each member of remuneration committed in the table specifically. If he or she is an independent director, could note that please refer to the information of directors and supervisors (i) of table 1 on page 00. Please indicate whether he or she is an independent director or other. (If he or she is the convener, please noted)

Note2: Professional qualification and experience: the professional qualifications and experience of individual member of remuneration committee shall be stated.

Note3: The independence situation of remuneration committee shall be stated, including but not limited to whether the member or his or her spouse or relative within the second-degree relatives serve as the director, supervisor or employee of the Company or other affiliates; the shares and ratio of the Company held by the member or his or her spouse or relative within the second-degree relatives (or nominee arrangement); whether the member serve as director, supervisor or employee of the company that has certain relation with the Company (refer to the Subparagraph 5~8 of Paragraph 1 of Article 6 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the remuneration amount of the commercial, legal, financial and accounting services provide to the Company or other affiliates within the preceding 2 years.

3.4.4.2 Remuneration Committee Meeting Status

(1) There were 3 members of NPC's Remuneration Committee.

(2) Current members will serve from June 10, 2022 to June 9, 2025. There were 2 meetings **A** of the remuneration committee convened in 2023. The attendance status is shown as follows:

Title	Name	Attend in person (B)	By proxy(A)	Attendance rate in person (%)(B/A)(Note)	Remark
Convener	Chih-Kang Wang	2	0	100.0	
Committee Member	Yi-Fu Lin	2	0	100.0	
Committee Member	Yun-Peng Chu	2	0	100.0	

Other details to be documented:

1. If the Board of Directors does not accept or modifies suggestions provided by the Remuneration Committee, the date of the Board of Directors' meeting, the session number, contents of the proposal, decisions made by the Board of Directors and the Company's handling of Remuneration Committee's opinions should be stated (If the remuneration and rewards approved by the Board of Directors are superior to those advised by the Remuneration Committee, there should be descriptions of the differences and reasons considered): None.

2. For decisions made by the Remuneration Committee, as long as there are members objecting or having their reservations that are recorded or stated in writing, the date of the Remuneration Committee meeting, the session number, contents of the proposal, and the handling of all members and opposing members' opinions should be described: None.

3. The duty of the Remuneration Committee of the Company is to exercise the care of a good administrator and implement the following functions, including arranging at least 2 meetings in a year, convening meetings at any time as necessary and making recommendations to the Board of Directors for its decision reference based on a professional and objective status:

(1) Periodically review the regulations and procedures of the organization and propose the amendments.

(2) Prescribe and periodically review the performance and remuneration policy, system, standards, and structure for directors and managers.

(3) Periodically evaluate and prescribe the remuneration of directors and managers.

4. While the Remuneration Committee implements the functions of the preceding paragraph, it shall accord with the following principles:

(1) With respect to the performance assessment and remuneration of directors and managers of the company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company's business performance, and future risk exposure.

(2) It shall not produce an incentive for the directors or managers to engage in activity to pursue remuneration exceeding the risks that the company may tolerate.

(3) It shall take into consideration the characteristics of the industry and the nature of the Company's business when determining the ratio of bonus payout based on the short-term performance of its directors and senior managers and the time for payment of the variable part of remuneration.

Note1: In the event that members of the Remuneration Committee resign before a year is completed, the date of resignation should be indicated in the remark column. The actual attendance rate (%), on the other hand,

shall be calculated by the number of Remuneration Committee meetings held during service and the frequency number of attendance in the meetings.

Note2: Before a year is completed, upon any re-election of Remuneration Committee members, new and old, shall be listed and it shall be specified in the remark column that a specific member is old, new, or reelected, and the

date of re-election. The actual attendance rate (%) is calculated by the number of Remuneration Committee meetings held during service and the frequency number of attendance in the meetings.

3.4.4.3 The discussion and results of the Remuneration Committee resolutions and the Company's handling of the opinions of the Remuneration Committee as below:

Date	Content	Result	Opinions Handling
2023.1.12 (1st in 2023)	To report the appointed managers' 2022 annual year-end bonus distribution standard report that approved by the Board of Directors.	Noted.	The year-end bonus of the appointed managers and finance and accounting department officer had been calculated according to the "Principle of Year-End Bonus and Reward Distribution" and the Board of Directors approved to distribute accordingly
2023.8.8 (2nd in 2023)	The Company's managers' salary adjustments in 2023 shall be in line with that of all employees.	Approved by all attending members and submitted to the Board of Directors for resolution.	Submitted to the Board of Directors and were approved by attending directors.

3.4.5 Composition, Responsibilities and Operations of NPC's Sustainable Development Committee

3.4.5.1 Information of the Member of Sustainable Development Committee

2024.04.21

Identity	Qualification		Professional Qualifications and Experiences
	Convener	Name	
Committee Member (Independent Director)		Chia-Chau Wu	Please refer to 3.2 Directors, Supervisors and Management Team of Chapter 3 Corporate Governance for professional qualifications and experiences
Committee Member (Independent Director)		Chih-Kang Wang	
Committee Member (Independent Director)		Yi-Fu Lin	
Committee Member		Yun-Peng Chu	
		Ming-Jen Tzou	

3.4.5.2 Sustainable Development Committee Meeting Status

(1) Duty of Sustainable Development Committee

- I. Reviewing the sustainable development policies, strategies, and managerial principles of the Company.
- II. Supervising the implementation of sustainability-related matters and action plans within the Company.
- III. Reviewing significant sustainability information disclosed in the Company's sustainability reports and other public disclosures, and reporting to the Board of Directors.
- IV. Supervising the implementation of greenhouse gas inventory and verification planning within the Company.
- V. Supervising the Company's ongoing attention to significant issues of concern to stakeholders such as shareholders, employees, customers, communities, and government agencies.
- VI. Other matters instructed by the board of directors for the committee to handle based on resolutions.

(2) Current members will serve from June 10, 2022 to June 9, 2025. There were 2 meetings 【A】 of the remuneration committee convened in 2023. The attendance status is shown as follows:

Title	Name	Attend in person (B)	By proxy(A)	Attendance rate in person (%)(B/A)(Note)	Remark
Convener	Chia-Chau Wu	2	0	100.0	Chairman
Committee Member	Chih-Kang Wang	2	0	100.0	Independent Director
Committee Member	Yi-Fu Lin	2	0	100.0	Independent Director
Committee Member	Yun-Peng Chu	2	0	100.0	Independent Director
Committee Member	Ming-Jen Tzou	2	0	100.0	President

(3) The dates of meetings, contents of motion, resolutions of the Sustainable Development Committee during the most recent fiscal year and the Company's response to the Sustainable Development Committee's opinion:

Date	Content	Result	The handling of the opinions of the Sustainable Development Committee of the Company
2023.5.26 (1st in 2023)	To draw up "2022 Sustainability Report" of the Company.	All attending committee members approved and submitted to Board of Directors for report.	Noted.
2023.12.13 (2nd in 2023)	To report the result of the Greenhouse Gas Verification of 2022.	Noted and submitted to Board of Directors for report.	Noted.

3.4.6 Sustainable Development Implement Status and Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
1. Does the Company establish a governance structure to promote sustainable development as well as an exclusively (or concurrently) dedicated unit to implement sustainable development and have management appointed by the Board of Directors to be in charge of sustainable development and to report the implementation status to the Board of Directors?	V		<p>To effectively promote and implement sustainable development and related initiatives. The Board of Directors serves as the highest governance unit for ESG sustainability, while the management level constitutes the "ESG Sustainability Promotion Organization." The "ESG Promotion Team" is responsible for the implementation and execution of various business tasks. The organizational structure is as follows.</p> <p>(1) The highest governance unit: The Board of Directors serves as the highest supervisory and guiding unit of sustainable management strategy. To strengthen the management of ESG sustainable business, the Company set up “Principles of Sustainable Development.” On May 11, 2022. On Jun. 10, 2022, the Company set up the Sustainable Development Committee under the Board of Directors which is composed of Chairman Chia-Chau Wu, President Ming-Jen Tzou and Independent Directors, Chih-Kang Wang, Yun-Peng Chu, Yun-Peng Chu. The members are responsible for reviewing sustainable development policies, strategies, and management guidelines, as well as overseeing the Company's promotion of sustainable development initiatives and implementation plans.</p> <p>(2) Management level: The "ESG Sustainability Promotion Organization" is composed of senior executives at the managerial level and above. It is responsible for setting up ESG strategy goals of the Company, supervising execution of related business activities, identifying material sustainable topics related to the Company's operation and valued by stakeholders through quarterly meeting that held based on the importance of the issues and ESG Promotion Team. In addition, the ESG Sustainability Promotion Organization reports to Sustainable Development Committee and Board of Directors at least once a year respectively. The operating status in 2023 are as follows:</p> <p>a. Sustainable Development Committee Report: A total of 2 meetings were held, one on May 26, 2023 and the other on Dec. 13, 2023.</p> <p>b. Report the ESG proposals to Board of Directors: May 31, 2023</p> <p>c. Proposal Content: The main content includes carbon management operations such as greenhouse gas inventory, identification of climate risks and opportunities, and ESG execution status in 2022. Additionally, the</p>

Evaluation Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
			<p>execution status for 2023 is scheduled to be reported to the Board of Directors in June 2024.</p> <p>(3)Promotion Organization: ESG sustainable business is primarily managed by the "ESG Promotion Team" to implement related initiatives. Additionally, based on the importance of issues, "Risk Management Promotion Team" and "Energy Saving and Carbon Reduction Promotion Team" were set up to identify the risk and opportunity of ESG and to strengthen climate change risk adaptation and resilience management. Furthermore, it regularly monitors the progress of energy conservation and carbon reduction initiatives across departments and relevant units.</p>	
2. Does the Company conduct risk assessment in regards to environmental, social, and governance topics related to company operations in accordance with the materiality principle, and establish relevant risk management policy or strategy? (Note 2)	V		<p>To improve operations and sustainable development, the Company has established a comprehensive risk management culture to implement risk management. Besides, the Company reports the operation status of risk management to the Board of Directors at least once a year and the Board of Director has approved "NPC's Regulation for Risk Management" on Dec. 16, 2020 which formulates the Company's risk management policy and explains the procedure of risk identification, risk assessment and evaluation, risk control and supervision, risk report and disclosure, risk performance management and improvement and etc. with the expectation of the improvement of overall employees' risk awareness so that the risk can be controlled to an acceptable level and make sure the completeness and rationality of risk control and the optimized the benefits.</p> <p>The scope of risk management of the Company includes strategy, operating, financial, hazard, information security, compliance, climate change, etc. The relevant explanation please refer to Article 3 of Regulation of Risk Management of the Company. The risk assessment boundary and scope of 2022 includes main operation scope of the Company and its subsidiaries in Taiwan for the period from January to December. Reference was made to the significance principle in the sustainability report for analysis, and communication was conducted with internal and external stakeholders to assess material ESG topics, formulate effective risk management policy for identification, measurement, assessment, supervision, and control and implement specific action plans to mitigate the impact of related risks. The summary explanation of the risk issues is as below:</p>	In compliance with the Article 3-2 of the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons			
	Yes	No	Summary			
			(1) Environment Issue			
			Risk Attributes	Risk Item	Risk Management Strategy and Mitigation Measure	Risk Management Unit
			Strategy Risks Operating Risks Hazard Risks	Climate Change* Energy Management*	1.Set up carbon reduction goals of “2050 Carbon Neutrality”. 2.Promote four major carbon reduction strategies like “low-carbon energy transition”, “energy conservation and circular” economy, “increasing renewable energy usage”, “application of carbon capture technology”. 3. Collect and analyze information related to climate change topics annually, identify and assess relevant risks refer to ISO 14001 Risk Identification Procedure, formulate preventive measures for major potential risks to reduce the negative impact that climate change may bring to the Company. In addition, public “Task Force on Climate-related Financial Disclosures Report, TCFD” annually.	Safety & Health Department
			Hazard Risks	Greenhouse Gas Management*	1. In response to climate changes, colleagues are encouraged to propose specific improvement plans for greenhouse gas emission reduction, and regular mutual	Safety & Health Department

Evaluation Item	Implementation Status (Note 1)				Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary		
				observation seminars are held to improve various energy-saving and carbon-reducing improvement technologies. 2. Invest in the development of green products to improve the weather resistance and reusability of the products, reduce the carbon emissions of the production process, and extend the product life cycle. 3. Carry out carbon footprint inventory in a timely manner, set energy consumption reduction targets, and develop effective carbon reduction improvement plans.	
			Hazard Risks	1. In accordance with the principle of BACT and the method of "effective reduction of source pollution and optimization of control equipment" and continue to review and improve according to the process characteristic. 2. Implements regular equipment maintenance to ensure optimal performance, as well as conducting training to familiarize the staff with system operations.	Safety & Health Department
			Air Pollution Management*		

Evaluation Item	Implementation Status (Note 1)				Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons	
	Yes	No	Summary			
				3. Ensure the normal operation of the preventive equipment to avoid abnormal events.		
			Hazard Risks	Waste Management* Circular Economy*	1. Reduce through the source and resource recovery in the first section, to lower the environment impact then through 3-phase management to ensure the legal operations. 2. Promote cross-factory and cross-enterprise circular economy activities and establish Sustainable ecological chain.	Safety & Health Department
			Hazard Risks	Controlled Chemical Substance Management	1. In accordance with the requirements of regulations, the operating unit must obtain the documents issued by the competent authority before it can operate. 2. Strengthen the control and labeling of controlled chemical substances and formulate relevant use regulations. 3. Promote various drills in accordance with the content of the hazard prevention and contingency plan.	Safety & Health Department
			Hazard Risks	Water Resource Management*	1. Following the principles of waste reduction at the source and end-point control. Firstly, reduce the volume at the source, strengthen resource reuse and reduce the load of	On-Site President Office Safety & Health Department Resource Recycling

Evaluation Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons								
	Yes	No	Summary									
			<table><tr><td></td><td></td><td>treatment facilities, and finally treated by the wastewater plant to ensure compliance with legal standards and minimize environmental impact. 2. The plant is required to propose various water-saving improvements and rainwater recovery projects to reduce water consumption and improve the efficiency of water recycling. 3. Set up a water shortage emergency response team to grasp the current status of water sources in each plant area, improve response capabilities, and reduce the risk of water shortage in the plant area.</td><td>Department</td></tr></table>			treatment facilities, and finally treated by the wastewater plant to ensure compliance with legal standards and minimize environmental impact. 2. The plant is required to propose various water-saving improvements and rainwater recovery projects to reduce water consumption and improve the efficiency of water recycling. 3. Set up a water shortage emergency response team to grasp the current status of water sources in each plant area, improve response capabilities, and reduce the risk of water shortage in the plant area.	Department					
		treatment facilities, and finally treated by the wastewater plant to ensure compliance with legal standards and minimize environmental impact. 2. The plant is required to propose various water-saving improvements and rainwater recovery projects to reduce water consumption and improve the efficiency of water recycling. 3. Set up a water shortage emergency response team to grasp the current status of water sources in each plant area, improve response capabilities, and reduce the risk of water shortage in the plant area.	Department									
	(2) Social Issue											
			<table><tr><td>Risk Attributes</td><td>Risk Item</td><td>Risk Management Strategy and Mitigation Measure</td><td>Risk Management Unit</td></tr><tr><td>Operating Risks</td><td>Human Rights and Talent Retention (Includes employees' welfare and salary*)</td><td>1. Provide an equal employment environment free from discrimination and harassment, continuously reinforce human rights as a means of risk mitigation, and safeguard employees' fundamental human rights in accordance with "NPC's Human Right Policy".</td><td>President Office Management Office of Individual Division</td></tr></table>	Risk Attributes	Risk Item	Risk Management Strategy and Mitigation Measure	Risk Management Unit	Operating Risks	Human Rights and Talent Retention (Includes employees' welfare and salary*)	1. Provide an equal employment environment free from discrimination and harassment, continuously reinforce human rights as a means of risk mitigation, and safeguard employees' fundamental human rights in accordance with "NPC's Human Right Policy".	President Office Management Office of Individual Division	
Risk Attributes	Risk Item	Risk Management Strategy and Mitigation Measure	Risk Management Unit									
Operating Risks	Human Rights and Talent Retention (Includes employees' welfare and salary*)	1. Provide an equal employment environment free from discrimination and harassment, continuously reinforce human rights as a means of risk mitigation, and safeguard employees' fundamental human rights in accordance with "NPC's Human Right Policy".	President Office Management Office of Individual Division									

Evaluation Item	Implementation Status (Note 1)				Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary		
				<div>2. Promote “Human Right” Education annually.</div> <div>3. Provide employees with favorable treatment and a sound management system, solid training, smooth promotion and appeal channels, and recruit excellent talents.</div> <div>4. Set up “Diversity and Inclusion Policy”, dedicate in creating diverse, equal and inclusive workplace environment, strengthening multi-faceted management level and employee composition. In addition, respect different perspectives and values, respond the needs properly to strengthen the competitiveness of the Company.</div>	
			<div>Hazard Risks</div>	<div>Workplace Health and Safety* Industry and Public Safety*</div>	<div>Safety & Health Department</div>
				<div>1. Deepen the industrial safety culture of all employees, reduce the frequency of industrial safety accidents and occupational injury, and maintain the safety of the plant area and surrounding neighborhoods.</div> <div>2. The Company has set up “Occupational Safety and Health Committee” to promote “Process Safety Management” and “PSM</div>	

Evaluation Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
			<p>Operation Communication and PSM Seminars" are held every six months.</p> <p>3. Promote all factories to obtain ISO 45001 occupational safety and health management system and Taiwan occupational safety and health management system (TOSHMS) certification.</p> <p>4. Set up an emergency response organization system and hold disaster prevention and rescue exercises from time to time.</p> <p>5. Ensure the physical and mental health of colleagues, and maintain the safety of the plant and surrounding neighborhoods</p>	
			<p>Hazard Risks</p>	NPC Epidemic Response Center
			<p>Epidemic Risks</p> <p>1. Set up an NPC Epidemic Response Center to keep abreast of each plants' employee turnover and relevant epidemic information at home and abroad, and report to the supervisors for making decisions.</p> <p>2. In accordance with the international spread of infectious diseases and the impact on the Company, implement epidemic control</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons								
	Yes	No	Summary									
			<table><tr><td></td><td></td><td>measures such as access restriction, travel restriction, temperature monitoring, and provision of disinfectant cleaning supplies in a timely manner based on recommendations from relevant authorities such as the Ministry of Health and Welfare.</td><td></td></tr></table>			measures such as access restriction, travel restriction, temperature monitoring, and provision of disinfectant cleaning supplies in a timely manner based on recommendations from relevant authorities such as the Ministry of Health and Welfare.						
		measures such as access restriction, travel restriction, temperature monitoring, and provision of disinfectant cleaning supplies in a timely manner based on recommendations from relevant authorities such as the Ministry of Health and Welfare.										
	(3) Corporate Governance Issue											
			<table><tr><th>Risk Attributes</th><th>Risk Item</th><th>Risk Management Strategy and Mitigation Measure</th><th>Risk Management Unit</th></tr><tr><td>Strategy Risks Operating Risks</td><td>Corporate Governance* Ethical Operation*</td><td>1. With the three major aspects of “setting of institution and norm”, “self-discipline document signing” and “educational training implementation” to enhance the colleagues' awareness of “anti-corruption, malpractice prevention and strict disciplines”. In addition, computerizing the management of various businesses and using new scientific and technological knowledge to achieve management goals and to further implement corporate governance policy. 2. Provide internal and external appeal channels and whistleblower protection</td><td>President Office</td></tr></table>	Risk Attributes	Risk Item	Risk Management Strategy and Mitigation Measure	Risk Management Unit	Strategy Risks Operating Risks	Corporate Governance* Ethical Operation*	1. With the three major aspects of “setting of institution and norm”, “self-discipline document signing” and “educational training implementation” to enhance the colleagues' awareness of “anti-corruption, malpractice prevention and strict disciplines”. In addition, computerizing the management of various businesses and using new scientific and technological knowledge to achieve management goals and to further implement corporate governance policy. 2. Provide internal and external appeal channels and whistleblower protection	President Office	
Risk Attributes	Risk Item	Risk Management Strategy and Mitigation Measure	Risk Management Unit									
Strategy Risks Operating Risks	Corporate Governance* Ethical Operation*	1. With the three major aspects of “setting of institution and norm”, “self-discipline document signing” and “educational training implementation” to enhance the colleagues' awareness of “anti-corruption, malpractice prevention and strict disciplines”. In addition, computerizing the management of various businesses and using new scientific and technological knowledge to achieve management goals and to further implement corporate governance policy. 2. Provide internal and external appeal channels and whistleblower protection	President Office									

Evaluation Item	Implementation Status (Note 1)				Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons	
	Yes	No	Summary			
				system. 3. Supplemented by the implementation of audit operations, strive to eliminate personnel fraud and reduce the risk of hazard.	President Office Management Office of Individual Division	
			Other Risks	1. President Office of the Company timely grasps and tracks the changes in regulations of each operating base by function and reviews and applies for amendments to the rules and regulations and adjust the computer control standards. 2. Provide legal compliance education and training and smooth appeal channels. 3. Supplemented by the implementation of audit operations, strive to eliminate personnel fraud and reduce the risk of hazard.		
			Financial Risks	Changes in Interest Rates	For the long-term liabilities with floating interest rates, the financial market situation is carefully evaluated, and swap contracts are signed with banks when interest rates are relatively low to reduce the risk of interest rate fluctuations.	President Office Financial Department
					Changes in Exchange Rates	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
			forward foreign exchange transactions when the exchange rate is favorable. As for long-term foreign currency liabilities, when the exchange rate is at a relatively low level, long-term forward foreign exchange contracts or cross-currency swaps are signed with the banks to minimize the impact caused by exchange rates change.	
		Loans to other Parties	In principle, the Company only issues loans to affiliated companies of unified financial dispatching. The amount is in accordance with Article 15 of the Company Law and granted with the approval of the Board of Directors.	
		Endorsement/ Guarantee	The Company only endorses and guarantees parent and subsidiary companies or affiliated companies with business connection. In principle, the foresaid company can only be endorsed and guaranteed for the purpose of unified financial dispatching. The endorsement/ guarantee is mostly for financing and import tax guarantees.	
		Derivative Transactions	Derivative transactions are conducted for the purpose of avoiding market risks caused by	

Evaluation Item	Implementation Status (Note 1)				Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons	
	Yes	No	Summary			
			Operating Risks	Supply Interruption	fluctuations in exchange and interest rates, rather than for arbitrage and speculative investment. 1. Actively exploring qualified suppliers to increase sources. 2. Establish a raw material inventory control mechanism, to set the safe stock, and propose the reasonable amount for purchase at the right time. 3. Stay informed of demand of production and sales and the supply situation of the market. Prepare the materials in advance if necessary.	President Office Management Office of Individual Division
			Operating Risks	Market Risks (i.e., geopolitics, China-U.S. Trade Conflict, the termination of ECFA)	1. Avoiding excessive sales concentrates in a single specific region (China, for example) and actively developing and expanding new markets (such as: ASEAN, Europe, Central and South America, etc.). 2. When a product fails to be sold out, production utilization or schedule of annual repair and maintenance have to be adjusted accordingly. 3. The salesperson should actively visit the customers and make timely adjustments of production specifications	President Office Management Office of Individual Division

Evaluation Item	Implementation Status (Note 1)				Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons	
	Yes	No	Summary			
			Operating Risks	Equipment Maintenance Risks	and output, in order to meet the needs of customers and the market. 1. Establish appropriate safety stocks for equipment components and implementing spare parts control through the information system. 2. Establish equipment maintenance SOP and using information tools to strengthen management in order to maintain the normal operations.	President Office Management Office of Individual Division
			Other Risks	Information Security Risks	Formulate the "Key Points of Information Security Management Operations" to build layers of control and protection mechanisms in applications, operating systems, and network systems. The specific instructions are as follows: 1. Physical security: Equip access control and CCTV systems in infrastructure areas (i.e., Data center, file room, etc.) 2. Internet security: Set up firewalls, demilitarized zone (DMZ), intrusion prevention systems (IPS) and Advanced Persistent Threat (APT). In addition, external offices	President Office Information Department

Evaluation Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
			<p>require VPN mechanism to access resource of the Company.</p> <p>3. Device security: All the computers are installed and renewed anti-virus software and virus patterns, USB storage devices were controlled, the administrator account of the core server system is included in the privileged account management system. Additionally, high-risk computers and servers are equipped with endpoint detection and response systems to enhance endpoint protection capabilities.</p> <p>4. App security: Upgrade the external service website of the Company to Hyper Text Transfer Protocol Secure (Https) and set up Web Application Firewall and perform vulnerability scan regularly.</p> <p>5. Information Security: Set up internet, email, and Data Loss Prevention (DLP) mechanisms for controlling personal/sensitive data leaks, establish secure access policies, strengthen system login authentication, and</p>	

Evaluation Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
			<p>regularly implement backup mechanisms for critical systems and database servers.</p> <p>6. Education training: Conduct annual cybersecurity education and training for all employees of the Company, enhance employee awareness of email social engineering, and regularly conduct drills to enhance cybersecurity awareness.</p> <p>7. Information security management: Regularly commission external experts to conduct Red Team Attack and Prevention Drill.</p> <p>8. In 2023, the ISO 27001 international information security management system certification initial surveillance audit was completed. Subsequently, the promotion of information security business will continue.</p> <p>Note: Risk items that belong to material topics of the Company Sustainability Report are marked with "**"</p>	
3. Environmental issues (1) Has the Company referred to the nature of its industry to establish a suitable environment management system (EMS)?	V		(1) A. The Company has formulated regulations of safety and health management, and established management information systems and office automation systems, etc., and strengthened the plants' safety and health management through these sound systems according to the environmental regulation formulated by Environmental Protection Administration (e.g., Air Pollution	In compliance with Article 13 of the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
(3) Does the Company assess the potential risks and opportunities of climate change for now and in the future, and adopt measures to deal with climate-related issues?	V		<p>B. To strengthen the energy management, Shulin Plant I and other plant area has obtained ISO 50001 certification and expand energy management business according to international standard. In addition, 440 energy saving projects has been completed in 2023, the estimated conduction of greenhouse gas is 126,153 ton Co₂/year and improving energy usage efficiency.</p> <p>C. The Company reviews the recycling methods for PET, plastic pallets and other process wastes. Increase the proportion of reused material usage and continue to develop recycle and reused product.</p> <p>D. From raw material procurement to product sales, the Company attaches great importance to the health and safety of its customers. Therefore, the production process is continuously improved upon (such as reduce the harmful formula, improve the energy Conservation and carbon reduction and develop green products). To follow market trends and meet the needs of downstream customers, the Company has shifted its focus to products that are non-toxic, environmentally friendly, water and energy saving and green energy products. For example, environmentally friendly polyester film, PET bottle recycled polyester fiber, epoxy for wind blades, industrial glass fiber cloth, etc. (For details of the specific practices and products that are environmentally friendly, please refer to Chapter 2 "Product Value Expansion" of the 2023 Sustainability Report.)</p>
			<p>(3) A. The Board of Directors of the Company is the highest governing body responsible for climate change management. In June 2022, the "Sustainability Development Committee" was established under its jurisdiction to assist the Board of Directors in supervising the implementation of sustainable business practices in response to climate change. The "Sustainability Development Committee" convene at least once a year and is composed of Chairman Chia-Chau Wu, Director Ming-Jen Tzou, and Independent Directors Chih-Kang Wang, Yi-Fu Lin and Yen-Peng Chu. It is responsible for reviewing the Company's goals and strategies of climate change, managing climate change risks and opportunities, reviewing project implementation, and future planning. In addition, in the management level, the "ESG Sustainability Promotion Organization" is responsible for setting the strategies direction of climate change management and supervising the implementation of relevant units.</p> <p>In compliance with Article 17-1 of the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.</p>

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
(4) Does the company monitor its greenhouse gas (GHG) emissions, water consumption, and waste volume for the past two years, and establish policies for energy conservation, carbon and GHG reduction, water consumption reduction, waste volume reduction accordingly?	V		<p>B. The Company follows the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD) published by the International Financial Stability Board and assess climate change risks and opportunities related to the Company every year. At the end of 2023, the Company completed the latest assessment of climate risks and opportunities and identified 16 items, including (i) transition risks: regulatory policies, carbon tax, and other related policies (5 items); (ii) physical risks: climate change impacts (5 items); and (iii) transition opportunities: energy/technology transition to low-carbon energy (6 items).</p> <p>C. To mitigate potential risks, strengthen climate resilience, and seize transformation opportunities, the Company will continue to implement four carbon reduction strategies, including "low-carbon energy transformation," "energy conservation and circular economy," "increasing renewable energy usage," and "application of carbon capture technology." The Company will also participate in international initiatives and evaluation indicators such as SBTi, TCFD, and CDP, review and improve internal management operations, and incorporate climate change strategies into operational management strategies.</p> <p>D. The detailed description of the Company's analysis of climate change risks and opportunities has been disclosed in the Company's TCFD Report and Sustainability Report (http://www.npc.com.tw/j2npc/zhtw/csr_report.jsp).</p>
			<p>(4) A. The scope of performance data recorded for environmental aspects of the Company includes Nan Ya Plastics Corp. and Taiwan subsidiaries such as Nan Ya Printed Circuit Board Corp., Nan Chung Petrochemical Corp. and PFG Fiber Glass Corp (hereinafter referred to as Taiwan subsidiaries). Wen Fung Industrial Co., Ltd., Wellink Technology Co., Ltd., Formosa Plastics Group Investment Corp., etc. are not included in this disclosure scope since their contribution to revenue are lower. Meanwhile, the Company has established policies of sustainable development, occupational Safety and health, and environment management as reference to formulate regulation of energy saving, carbon reduction, greenhouse gas reduction, water use reduces or other waste management. The statistical data for greenhouse gas emissions, water usage, and waste are as follows: (The operating revenue in the following table is the aggregate figures from the individual financial statements of the parent company and Taiwan subsidiaries for the fiscal year.)</p> <p>In compliance with Article 17-2 and Article 17-3 of the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.</p>

Evaluation Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons																																			
	Yes	No	Summary																																				
			<div><div>(i) Greenhouse gas emission (scope includes the Company and Taiwan subsidiaries):</div><table><tr><td>Item</td><td>2021</td><td>2022</td></tr><tr><td>Scope 1 (Ton CO₂e)</td><td>2,650,469</td><td>1,698,397</td></tr><tr><td>Scope 2 (Ton CO₂e)</td><td>4,480,146</td><td>3,718,060</td></tr><tr><td>Intensity of greenhouse gas emission (Ton CO₂e / operating revenue (million))</td><td>26.33</td><td>24.05</td></tr></table><p>Note: Verification of 2023 greenhouse gas emission is subjected to the limitation of capacity of domestic third-party verification organizations. It is expected to It is expected that third-party verification will be completed by June 2014. Therefore, please refer to Chapter 3 "Promotion of Green Environmental Management" of the 2023 Sustainability Report.</p><div>(ii) Water Usage (scope includes the Company and Taiwan subsidiaries):</div><table><tr><td>Item</td><td>2021</td><td>2022</td></tr><tr><td>Water Usage (10 thousand ton)</td><td>2,718.32</td><td>2,212.86</td></tr><tr><td>Intensity of water usage (Ton / operating revenue (thousand))</td><td>0.1004</td><td>0.0983</td></tr></table><p>Note: Verification of 2023 water footprint is subjected to the limitation of capacity of domestic third-party verification organizations. It is expected to It is expected that third-party verification will be completed by June 2014. Therefore, please refer to Chapter 3 "Promotion of Green Environmental Management" of the 2023 Sustainability Report.</p><div>(iii) Waste Output (scope includes the Company and Taiwan subsidiaries):</div><table><tr><td>Item</td><td>2021</td><td>2022</td></tr><tr><td>Hazardous waste (Ton)</td><td>21,757.00</td><td>17,019.48</td></tr><tr><td>Non-hazardous waste (Ton)</td><td>92,657.09</td><td>79,026.08</td></tr><tr><td>Total (Hazardous+ Non-hazardous) (Ton)</td><td>114,414.09</td><td>96,045.56</td></tr><tr><td>Intensity of waste output (Ton / operating revenue (thousand))</td><td>0.0005</td><td>0.0006</td></tr></table><p>B. The greenhouse reduction management, water usage management and other water reduction management of the Company are all comply with national regulations and the environment management policies of the Company. In addition, goals are managed based on the material topics identified by the stakeholders and to ensure the implementation, the execution status is reviewed once a year. For each goal, practical measure and implement performance please</p></div>	Item	2021	2022	Scope 1 (Ton CO ₂ e)	2,650,469	1,698,397	Scope 2 (Ton CO ₂ e)	4,480,146	3,718,060	Intensity of greenhouse gas emission (Ton CO ₂ e / operating revenue (million))	26.33	24.05	Item	2021	2022	Water Usage (10 thousand ton)	2,718.32	2,212.86	Intensity of water usage (Ton / operating revenue (thousand))	0.1004	0.0983	Item	2021	2022	Hazardous waste (Ton)	21,757.00	17,019.48	Non-hazardous waste (Ton)	92,657.09	79,026.08	Total (Hazardous+ Non-hazardous) (Ton)	114,414.09	96,045.56	Intensity of waste output (Ton / operating revenue (thousand))	0.0005	0.0006
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Evaluation Item	Implementation Status (Note1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
4. Social issues: (1) Has the Company referred to relevant laws and international human rights instruments to establish relevant management policies and procedures?	V		<p>refer to “5.4 Environmental Expenditure Information” and Chapter 3 “Promotion of Green Environmental Management” of the 2023 Sustainability Report.</p> <p>(1) A. In order to guarantee the human right of employees, customers and stakeholders of the Company, the Company complies with relevant labor regulations such as Labor Standards Act, and UN Universal Declaration of human Rights, UN Guiding Principles on Business & Human Rights, International Labor Office Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, etc. The Company also formulate personnel rules and regulations to protect employees' rights and interests and provides stable and excellent treatment, complete education and training, promotion and development system, and a safe and healthy working environment to enhance the professional competence of employees. The Chairman Chia-Chau Wu has formally signed the human rights policy in August 2018 which aims at preventing child and forced labor, respecting employees' privacy and freedom of association and collective bargaining rights and providing employees with diverse communication channels. For more details and specific practices and effectiveness of the human rights concern project please refer to the Company's website. (https://www.npc.com.tw/j2npc/zhtw/employee_right.jsp)</p> <p>B. Principle of Diversity, Inclusion and Equity Employment: Obey to “Employment Service Act”, provide public, equal and fair employment opportunity. In addition, the Chairman Chia-Chau Wu has formally signed the diversity and inclusion policy in 2023, please refer to the Company's website. (https://www.npc.com.tw/j2npc/zhtw/employee_right.jsp)</p> <p>C. Gender Friendly: Besides set up “Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace” to guarantee gender equality at work, the Company values the gender equality of workplace environment. Although the industry characteristic causing the proportion of male employee is higher than female, the promotion channels have been structured and has continued to value the performance of female. Therefore, the number and proportion of female junior managers (above) has</p>	In compliance with Article 18 of the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
(2) Did the company establish and implement reasonable employee benefits (including compensations, holidays, and other benefits), and appropriately reflect its business performance and results on its employee compensations?	V	<p>constantly increased yearly, demonstrate the Company's efforts in gender equality. Please refer to Chapter 4 "Creating a Happy and Safe Workplace" of the Company's 2023 Sustainability Report.</p> <p>D. Local recruitment: When recruiting, priority is given to recruiting local residents and local excellent managers are cultivated. Over the years, a high proportion of local residents has been employed, for detail please refer to Chapter 4 "Creating a Happy and Safe Workplace" of the Company's 2022 Sustainability Report.</p> <p>E. In addition, the Company and Taiwan subsidiaries conduct human rights and related training for employees. In 2023, the training hours are 17,107 and a total of 17,017 employees completed the training. In the future, we will continue to pay attention to human rights protection issues, promote related educational training, and gradually expand the scope of training to increase awareness of human rights protection and reduce the likelihood of related risks occurring.</p> <p>(2) A. The Company has clear regulations on employees' promotion, appraisal, training, reward and punishment and other systems. To fulfill the diversified of workplace and gender equity, the female employee is accounted for 20% of the Company and Taiwan subsidiaries in 2023. The remuneration standards for new recruits are determined according to the academic experience and other conditions which required for the job, upholding the spirit of "equal pay for equal work", the basic salary ratio of female and male employees at the same position and same grade is 1: 1, their salary and promotion would be adjusted year by year according to their work performance, and the corresponding salary will be given.</p> <p>B. The Company's fixed holidays are Saturdays, Sundays, and other dates shall be set by the central competent authority, and employees are granted special holidays in accordance with the Labor Standards Act. For other employees' benefits, please refer to "Chapter 5.5 Labor Relations".</p> <p>C. Article 25 of the Company's Articles of Incorporation stipulates that if the Company makes a profit in the current year, it shall allocate 0.05% to 0.5% as the employee's remuneration according to the profit before income tax before deducting the employees' remuneration in the current year. In addition, the Company issues employees' year-end bonuses and adjusts the annual salary adjustments depends on indicators such as the Company's</p>	In compliance with Article 21-2 of the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
(3) Has the Company provided employees with safe and healthy work environments as well as regular classes on health and safety?	V		<p>operation performance. In January 2023, a year-end bonus equivalent to 4.06 months' salary was distributed, and in July 2023, a 2.5% annual salary adjustment was implemented to incentivize mutual growth between employees and the Company, enhancing employee morale.</p> <p>D. To ensure every full-time employee can work with peace of mind and fully utilize their expertise, the Company adheres to the principle of treating employees as family members. The establishment of basic food, accommodation, and leisure facilities are the priorities when constructing a new factory. Furthermore, various comprehensive welfare systems were plan in Consideration of the long-term well-being of employees. Several implemented employee benefits and incentives exceed legal requirements, including: (i) work Benefits: Leave benefits, insurance benefits, marriage and childbirth benefits, healthcare benefits, employee dining facilities, employee relations promotion, personal safety and family care, and external dispatch benefits; (ii) leisure and Personal Development Benefits: leisure benefits, self-learning benefits; (iii) retirement Welfare: retirement benefits, retirees' associations.</p> <p>(3) A. The Company produces "i Medical Health Network" and "i Health Podcast" in the form of video and audio streaming to provide employees with information on health education information periodically. To enhance the employees' awareness of safety and hygiene, the "Work Hazard Reminder Card" and "Safety and Hygiene Handbook" are distributed, and employees are reminded of work safety through education and training and safety observation. The protection measure of working environment and employee safety please refer to 5.5 Labor Relations of Chapter 5 Operation Overview. (For various practices related to improving employee and workplace safety, please refer to Chapter 4 "Creating a Happy and Safe Workplace" of the Company's 2023 Sustainability Report.)</p> <p>B. The ISO 45001 Occupational Safety and Health Management System and the Taiwan Occupational Safety and Health Management System (TOSHMS) certifications have been obtained by all plants of the Company.</p> <p>C. In 2023, 4 number of employee occupational accident cases (excluding traffic occupational accident) occurred in the Company, 4 people were injured and 0 people died, accounting for 0.02% of the total employees. The Company immediately formed an "incident investigation team" after the accident to</p>

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
(4) Has the Company established an effective competency development career training program for employees?			collectively review and clarify the cause of the accident with relevant departments. Substantive improvement measure was proposed, and all departments are requested to inspect and review the adequacy of protective measures in place. Those with inadequate protection are requested to make improvement, while education and training has also been reinforced across all departments. All employees are requested to comply with rules of the Company to prevent any future recurrence. In 2023, the Company and Taiwan subsidiaries had 4,555 workers trained on work safety, with a total of 32,784 hours. D. There was no fire incident happened to the Company and Taiwan subsidiaries in 2023.
	V		<p>(4) A. The Company and the subsidiaries in Taiwan provide pre-employment training, basic and professional training for newcomers. The average number of training hours per person in 2023: 47 hours for junior managers and 64 hours for entry-level personnel. While middle-level managers implement training courses such as management training, the annual average training hours per person in 2023 is 34 hours for first-level supervisors and 15 hours for second-level supervisors.</p> <p>B. Through E-learning management system, the Company ensures personnel gradually complete the new recruits, job basis, job specialty, and management trainee training. In addition, cooperate with the operation and safety needs of individual units, guide employees to obtain professional certificates, hold various themed seminars from time to time, and strengthen human rights and work safety awareness. (For specific practices, please refer to Chapter 4 "Creating a Happy and Safe Workplace" of the 2023 Sustainability Report.)</p> <p>C. In addition, in response to the rapid development of AI and big data application technology, the Company has dispatched employees to participate in the technical leadership training classes and executive programs at the Taiwan AI Academy every year since 2018. As of 2023, 131 people completed the courses. Meanwhile the Company continues to invest in various AI improvement projects. (For specific training practices, please refer to Chapter 2 "Product Value Expansion" of the 2023 Sustainability Report.)</p>

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
(5) Does the company follow relevant laws, regulations and international guidelines in terms of customer health, safety, and privacy, as well as when marketing or labeling its products and services and has the company established relevant consumer protection policies and grievance procedures?	V		<p>(5) The specific practices of the Company on customer health and safety, customer privacy, marketing and labeling of products and services are stated in Chapter 2 "Product Value Expansion" of the Company's 2023 Sustainability Report, the main practices are as follows:</p> <p>A. Since most of the products produced by the Company are not directly sold to general consumers, there are fewer marketing activities such as media advertisements and campaigns. If there are promotion activities involving regulations, all units will first consult the legal office to avoid violation. In addition, the Company has formulated the "Personal Data Management Measures" to strictly restrict the utilization and regulate the searching functions of personal data to protect customer privacy.</p> <p>B. Customer relationship management is an important part of the Company's sustainable operation. In order to understand the valuable opinions of customers, the Company has clearly defined the customer complaints channels as well as return and compensation application procedures so that customers can express relevant appeals through the Response Form. Product complaints are handled by the salesperson filling out the Customer Complaint Handling Form for all returns and exchanges. The process is also monitored by the computer system. The official website provides sales service hotline and e-mail address of various products to facilitate customers to directly respond to opinions using multiple channels. The relevant departments will summarize the issues that customers concerned periodically and prioritized the issues according to the level of importance and timeliness to ensure the needs of customers are handled.</p>
(6) Has the company established supplier management policy and require suppliers to comply with relevant standards on environmental protection, occupational safety and health, or labor and human rights issues?	V		<p>(6) The Company has set "Supplier / Contractor Social Responsibility Commitment", "Supplier / Contractor Social Responsibility Questionnaire" and "Integrity, Honesty, Confidentiality Commitment". All manufacturers are required to sign a confirmation request and comply with relevant regulations when they log in the Formosa Technology E-Market Place or after the ordering is completed. The reply rate of responsibility commitment, responsibility questionnaire and integrity, honesty, confidentiality commitment was 97.46%, 95.38% and 96.78% respectively. In addition, the procurement department must check the following delivery conditions according to the purchase requirements of different materials in every procurement: RoHS qualification, related</p>

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
			Summary national industrial safety standards, ISO certification, hazard notices and illustrations, properly recycle the used containers or delivery vehicles, products manufactured by the disadvantaged and products with nonradioactive labels are prioritized for procurement. For procurements that have checked any of the above conditions would be indicated in the "Price Inquiries" and "Orders" to require the supplier to comply with the regulations. Besides, the Company adheres to the spirit of perpetual business operation and the principle of fair trading and commits itself to ensuring that the partners meet environment protection, industrial safety, and human rights requirements. Non-compliant manufacturers will be rejected and placed under manufacturer evaluation. When purchasing materials, parts or products containing metal components, suppliers are required to investigate whether they meet the "conflict-free metal" to ensure that the purchased raw materials are obtained through legal channels. (Other supplier management practices, please refer to Chapter 2 "Product Value Expansion" of the Company's 2023 Sustainability Report.)
5. Does the company refer to guidelines for the preparation of internationally accepted reports and prepare ESG reports and other reports that disclose the company's non-financial information? Has the aforementioned statement received any validation or guarantee from third-party accreditation/attestation organization?	V		The content structure of the Company's 2023 Sustainability Report is based on the Global Resiliency Reporting Association's 2021 GRI standards guidelines, written in accordance with the guidelines and framework outlined, and exposes the Company's main sustainability issues, strategies, goals and objectives, as well as measures. The Company have been inspected by a third-party certifying authority, The British Standards Institution (BSI), in accordance with the GRI Standards AA1000 V3, and was verified by the first type of moderate assurance level of the assurance standard and issued an independent assurance statement.
6. Where the Company has established its own Best Practices on sustainable development according to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any differences between the prescribed best practices and actual implementations taken by the Company: Note: The Company passed the resolution of the "Corporate Social Responsibility Code" as set out in the resolution of the Board of Directors on August 12th, 2015, and reviewed once a year. Recently, the Board of Directors resolved to amend its name to "Principle of Sustainable Development" and relevant provisions on May 11, 2022. Although the Company's practice has been slightly revised, the established code and the "the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" comply with the same spirit. For the operation of the Company's Sustainable Development, please refer to the 2023 Responsibility Report of the Company and website description.			In compliance with Article 29 of the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.
7. Other important and helpful information in understanding sustainable development operation: (1) Relevant systems and structures The company established the "ESG Promotion Organization" in 2021. The business content includes three aspects: environmental protection (E), social responsibility (S), and corporate governance (G). Among them, the environmental protection (E) aspect is subdivided into 8 important topics: 1. Climate-related financial disclosure 2. Circular economy - energy (resource) efficiency improvement 3. Circular economy - plastic recycling 4. Integration of international carbon reduction initiatives 5. Safety and green			

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
<p>procurement (including transportation and packaging) 6. Degradable plastic 7. Renewable energy and green energy 8. Green product research and development and promotion of the green industry. The Chairman, Chia-Chau Wu serves as the general convener and the President, Ming-Jen Tzou serves as the deputy convener. They are responsible for formulating the strategies of environmental protection (E), social responsibility (S), and corporate governance (G) of the Company, promoting the implementation of various business, supervising performance regularly and through the continuous communication with stakeholders adjusting relevant strategies and promotion goals to achieve the sustainable development of the Company and the long-term goal of social devotion. The ESG Promotion Team is composed of each functional team of President's office, Safety and Health Department, the Resource Recycling Department, Accounting Department and Taipei Administration Department which is responsible for relevant business such as corporate governance, work and environment safety and environment sustainability, water and energy saving, product and customer service, supplier and contractor management, happy and safe workplace, good relations of neighborhoods, etc. In addition, the ESG Promotion Team convene various departments to review the implement status of ESG business each quarter to achieve important tasks like energy consumption and pollution reduction and ecological balance creation and to fulfill sustainable values in aspects of environment, social and governance.</p> <p>(2) Social welfare engagement of the enterprise</p> <p>A. The system, measures, and performance of environmental protection, safety, and health:</p> <p>Since its establishment, the Company has always adhered to the philosophy of "industrial development and environmental protection," and pursues social responsibility and sustainable business. Therefore, it attaches great importance to the work of environmental protection.</p> <p>Following this concept, the Company adopts the latest international technology for production processes and environmental protection equipment. For example, when building a power plant more than a decade ago, the Company was the first in the country to insist on the use of closed coal bunkers. Coal dust no longer polluted the air, and BACT is used to make pollution emissions far below domestic and international standards. Although the construction cost increased, the intangible environmental improvement and the reduction of resource waste and cost reduction can be obtained. In addition to selecting the best production processes and environmental protection equipment at the beginning of the planning period, the Company also took into consideration of the integration of upstream, middle, and downstream processes, and recycles the by-products and wastes of the upstream process as raw materials and fuels for the middle and downstream processes by fully integrating and reusing waste gas, waste heat and low-level energy between the plants, make the best use of resources and energy, reduce energy and waste resources, we pursue the goal of achieving an eco-industrial park. For example, the power and steam consumption per unit of product in 2023 years has decreased by 18% and 19% respectively compared with the completion of the Phase 4 expansion in 2007. Future reduction targets will continue to be promoted. The spirit of the Company is to always find out the root cause of any problem, continue to improve, consists in stopping in perfect goodness. Through continuous improvement, the Company will continue to improve the efficiency of equipment operation to reduce energy and resource use and strengthen the competitiveness of sustainable operation.</p> <p>Taking water conservation as an example, from 1999 years to 2023, the sixth naphtha cracker has invested 10.21 billion dollars to complete 2,875 improvement cases, saving 308,500 tons of water per day. The 231 ongoing cases will increase 1.67 billion dollars of investment to achieve the target of saving 13,900 tons of water per day. The total investment is 11.88 billion dollars. After the completion, the annual benefit will be approximately 1.44 billion dollars. In terms of energy conservation and carbon reduction, the sixth naphtha cracker has also invested 32.21 billion dollars, 11,192 improvement cases have been completed, reducing about 13.72 million tons of CO₂. 1,400 ongoing cases will increase 16.34 billion dollars of investment. It is estimated that an additional 2.11 million tons of CO₂ will be reduced, with a total investment of 48.55 billion dollars. The end benefits will be about 44.17 billion dollars per year.</p> <p>The above-mentioned results can be affirmed by the Company awards from 97 business units and commendations from the competent authorities of the Ministry of Economic Affairs, the Water Resources Department, the Industrial Bureau, the Energy Bureau, and the Environmental Protection Agency during the 10 last years from 2014 to 2023.</p>			

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
Summary			
<p>In addition to adopting the best international production process, doing environmental protection work such as pollution prevention, clean production, energy conservation, carbon reduction, and water conservation to reach the goal of becoming ecological industrial parks, the Company also follows the trend of the times and pays attention to global warming. In recent years, the Company has promoted tree planting in the plant area. The Company have actively promoted the greening of various factories. At present, the Company have planted nearly 2 million trees and 390,000 square meters of shrubs, which can absorb about 15,000 tons of CO₂ per year. Providing a green aerobic environment for employees and nearby residents and taking into account the best of both industrial development and environmental protection. Traditional factories give the impression that there are few green spaces and trees, and even chimneys emit black smoke from time to time, causing air pollution. The direction of the Company's various factories is to change the minds of people to create a green landscape just like the park, and to turn air pollution into a natural landscape.</p> <p>At the same time, the Company also responded to the government's afforestation and carbon reduction plan and cooperated with the Yunlin County Government to promote flatland afforestation and carbon reduction activities. In 2011, the Company started to receive a 10-year afforestation and carbon reduction subsidy. The Company has received the flatland afforestation award in Yunlin County, with an application area of 1,094 hectares, and about 1.422 billion in subsidies have been provided to the afforestation applicants, contributing to the afforestation and carbon reduction. However, the Council of Agriculture considers that the conversion of fertile land into forest land may lead to food shortages, and it is easy to attract snakes, rats and birds, which will affect the harvest of adjacent farmlands. According to government policy, the Company will no longer provide reciprocal subsidies.</p> <p>The Company also fully cooperates with the Environmental Protection Agency to promote green procurement of private enterprises to implement the energy-saving and carbon-reduction green consumption policy. The statistical green procurement amount of the Company in 2023 is 0.78 billion dollars.</p> <p>In the future, the Company will continue to take into account the concept of environmental protection and friendly environment in order to fulfill social responsibilities.</p> <p>In addition, providing a healthy and safe working environment is the responsibility of the Company to employees and their dependents. Therefore, "Safety First" is an important principle for us to cherish our employees. In addition to establishing a reward system, employees and contractors are encouraged to raise issues with unsatisfactory behaviors and false alarms. Departments with zero occupational disasters are also rewarded, encouraging all units to report potential hazards, and report abnormalities, and unsafe behaviors. Quarterly reviews are conducted to eliminate potential hazards, and an annual safety culture performance commendation conference is held to improve employees' participation and sense of honor through cross-company competitions and performance appraisals across the enterprise.</p> <p>B. Community participation:</p> <p>The Company is deeply rooted in Taiwan. Factories are distributed all over Taiwan. We strive to become a "good neighbor" with the surrounding residents by setting up a dedicated group in each factory to communicate with residents and provide all kinds of assistance. In addition, we continue to mobilize our staff to clean up neighborhood streets and beaches, continually invest in local public welfare activities, and assist in caring for families and disadvantaged groups, so that our employees and community residents can be integrated. Employees have also spontaneously formed a charity group, responding to the feedback to the neighborhood, and by long-term and continuous attention, gradually expand human care and love to every corner of the society to jointly establish a peaceful society.</p> <p>C. Social contribution, social services, social welfare, and other social responsibility activities:</p> <p>Based on the spirit of "Take from society, give back to society", the Company is committed to the sustainable operation and continues to give back to the society and fulfill its social responsibilities with the management policy of "quality, reputation, service, and environmental protection." Our results in social responsibility are also recorded in the "Sustainability Report."</p> <p>In addition to dedicating to business operations, we also invest in medical care, education, and various social welfare undertakings to fulfill Corporate Social Responsibility:</p> <p>a. Medical treatment: Chang Gung Memorial Hospital was established in 1976. It is committed to "improving medical standards and creating social well-being" and has the courage to challenge the status quo. It not only drives the reform and progress of the medical community but also won the trust of the general public. Now,</p>			

Evaluation Item	Implementation Status (Note1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
<p>in Taiwan, there are four major sectors, the North Sector (including Keelung, Lover Lake, Taipei, Linkou, Taoyuan, Tucheng, and other nursing homes), Chiayi Sector, Yunlin Sector, and Kaohsiung Sector (Kaohsiung and Fengshan Hospital). In services, it is also the largest and most complete medical institution in Asia, from emergency medical treatment to rehabilitation, health care, and senior care. Chang Gung Memorial Hospital also donated 1,186 sets of artificial electronic ears for the benefit of hearing-impaired children and set up a social service fund to subsidize poor patients for long-term treatment. As of the end of 2023, it has spent 10.721 billion dollars and continues to provide the medical assistance needed in remote and undeveloped countries.</p> <p>b. Education: In the 1960s, various industries in Taiwan flourished. In view of the shortage of industrial talents, the Company founded Mingzhi Institute of Technology (now Mingzhi University of Science and Technology) to provide the students from poor families a chance to study and work at the same time. Later, Chang Gung Medical College (now Chang Gung University) and Chang Gung College (now Chang Gung University of Science and Technology) were established to cultivate students' diligence and simplicity by combining theory and practice, and to cultivate excellent industrial middle cadres and medical staff. Since the beginning of the 1995, the Company started funding for Aboriginal youth education and employment opportunities. The total donation amount is about 1.675 billion dollars, and the number of assisted people reached 5,500.</p> <p>c. Disaster relief: assisting in the 921 earthquake (1999), Morakot wind disaster (2009), Kaohsiung gas explosion incident (2014), Tainan earthquake (2016), Hualien earthquake (2018) and other disaster relief in reconstruction and the rehabilitation of schools in the disaster areas. So far, 76 primary and secondary schools have been fully sponsored by the Company.</p> <p>d. Other social welfare: In addition to medical and education, the founders of Formosa Plastics have set up seven foundations and charitable social welfare funds. Through the operation of the foundations and the active participation of companies within the corporation, they continue to promote and donate to various social welfare undertakings, such as:</p> <p>(1) Since 2007, the Company has cooperated with the government to promote the national free vaccination program for the elderly over 75 years old to improve their health and quality of life. Up until 2010 when the government budgeted and promoted on its own, a total of nearly 1.16 million doses of the Pneumococcal Conjugate Vaccines were donated.</p> <p>(2) Continue to promote the "Professional Service of Early Treatment Effectiveness Improvement Program". Assist developmentally retarded children to receive high-quality treatment as soon as possible in order form them to return to the general education system and integrate with society, thereby reducing the burden of family and social care. This project is based on empirical research and guided by the fusion of concepts, family-centered and community-based promotion principles, with the main focus to improve the quality of institutions, personnel capabilities, and parental awareness. From 2006 to 2023, NT\$ 1 billion were invested, 3.3 thousand people and 92 units were benefited.</p> <p>(3) Support the inmates: donated to the Yunlin Second Prison, Kaohsiung Prison, and Taipei Prison to handle the Wang Jhan-Yang Foundation Rainbow Project (drug-addicted HIV inmates), with three courses of physiological education, psychological counseling, and vocational training the project assists drug-addicted prisoners with HIV to cultivate life skills, repair family relationships and reintegrate into society. Cooperation with Yunlin Second Prison and Kaohsiung Prison to handle the Wang Jhan-Yang charitable trust fund Xiangyang project (drug inmates) to assist inmates in returning to the society is also conducted. Collaboration with the Correctional Affairs Department of the Ministry of Justice in 2017 to expand the Xiangyang Project in three prisons including Hualien Prison, Tainan Prison, and Kaohsiung Women's Prison. From 2020 to 2022, in consideration of the widespread dental defects among AIDS prisoners that result in poor chewing functions and poor health, Wang Jhan-Yang charitable trust fund donated denture installation fund for the underprivileged AIDS prisoners in Yilan, Taipei, Tainan, Kaohsiung, and Kaohsiung Women's Prison in the hope of assisting prisoners' nutrition digestion and health improvement. In 2023, donated to reformatory schools for the budget of purchasing vocational training equipment in order to enhance employment skills and foster a passion for learning.</p> <p>(4) Promote various scholarships and work-study programs: E.g., the Children's Education Assistance Program, Assistance to Teenagers/Young Adults who Recently Graduated from Children's Homes, Disadvantaged Student Scholarship, and the Student Financial Aid Program in Remote Areas, to help the economically disadvantaged or disabled children and young students to be able to receive education unhindered. The Excellent Talents Development Program provides long-term scholarships for outstanding students</p>			

Evaluation Item	Implementation Status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
<p>from disadvantaged backgrounds to assist them in academic and moral development. In addition, we will promote semester and summer work-study programs, match students to work in social welfare institutions, cultivate the service spirit of students contributing to society, and reduce institutional operating costs and expenditures to serve more vulnerable people.</p> <p>(5) Women and Children's Welfare: a. Promote the nutritional breakfast subsidy for the vulnerable children in the neighboring 7 Township for Mailiao Factory, b. Promote the economic assistance program for victims of domestic abuse, c. Promote the medical treatment and economic assistance of patients with rare diseases, d. Donate to Taitung and Hualien English Assistance Program, an introduction of outstanding American college students to primary schools in remote areas for English teaching, e. Promote the nutritional breakfast subsidy for the vulnerable Junior High School students of Pingtung County, f. Donate the nutritional lunch subsidy for all public elementary and junior high school students of Yunlin County, g. Donate Scholarship for Orphan, h. Donate living expenses for Preschool children from disadvantaged families, i. Donate the HPV 9-valent vaccine for the girls in the first year of junior high school of Yunlin County, j. Donate the 'Childminder Management and Subsidy Programmer' of Yunlin County k. Set up a used toy recycling center, l. Promotion of the after-school care program at rural schools by providing after-school care subsidies for schoolchildren of elementary schools in rural areas, offering schoolwork tutoring, life and cultural education to improve schoolwork performance and bridge the gap between families and schools.</p> <p>(6) Elderly welfare: a. Promote the elderly housing improvement and appliance donation plan, b. Mailiao and Taixi Township meal delivery plan for elderly living alone, c. Promote the "Active Aging Center" which provides five major aspect service, health, vitality, physical, mental and social engagement, to maintain health of elderly, delay aging and continue to contribute to the society, d. Donate to the elderly daycare center shuttle bus and dream plan, e. Promote lighting improvements plan and donate lighting equipment to elderly welfare institution, f. Promote elder service plan in remote areas and provide day care and various health improvement activities, g. Donate the 'Evergreen Canteen of Yunlin County, h. Donate Elder Day Festival Grants to elderly between 65 to 69 year old in Yunlin County.</p> <p>(7) Vulnerable group support: a. Donate to social welfare institutions daily necessities and rice, b. The low-income households near Mailiao factory receive gifts and bonus for the three most important Chinese holidays, c. Emergency Allowances plan, d. Donate daily necessities to the Christian Relief Association food bank, e. Promote Homeless Assistance Program, including the establishment of supportive housing and the subsidy of kitchen facilities, to support the homeless to live as independently as possible within their community, f. Promote 「The design and implementation of intelligent support system in long term care」 and 「Love Health Volunteer Promotion Program」, g. Promote lighting improvement projects, donate lighting equipment to improve the lighting equipment in social welfare institutions in order to provide good care of the environment and save electricity bills, h. Promotion of food banks for the effective use of charitable resources to meet the basic living needs of vulnerable populations, i. Donate to the Taichung School for the Visually Impaired for the budget of purchasing computer equipment to assist the visually impaired in their learning</p> <p>(8) Promote the development of Taiwan's distinctive culture: sponsoring the "Ming Hwa Yuan Art & Cultural Group", "I Wan Jan Puppet Theater", "If kids Theatre", "Apple Theatre" to go on tours in the countryside.</p> <p>(9) Promote the Wang Jhan-Yang charitable trust fund "Burning Star Project" to cultivate outstanding sports talents, "Future Star Project" sports talents abroad training programs and sports player medical protection programs to help domestic sports talents improve their performance. Wang Chang Gung charitable trust has implemented the "Caretake for Athletes Program" since 2019, sponsoring the Chinese Taipei Paralympic Committee for the training of athletes with disabilities</p> <p>(10) Institutional support: a. Donate social welfare institutions to purchase facilities and equipment and construction and repair, including area such as Yilan, Nantou, Taichung, Hualien, Yunlin, Taitung, Taoyuan, Miaoli, Hsinchu, New Taipei, Pintung, a total of 9 social welfare institutions were donated, b. Donate funds for vulnerable groups to help plan (Keelung City Government, Taoyuan City Government, Kaohsiung City Government, Chia Yi County Government), c. donation of mooncakes to social welfare institutions.</p>			

Note 1: If the implementation status is "Yes", please explain the adopted key policies, strategies, measures and implementation, if the implementation status is "No", please explain the reasons and the plans, strategies and measures that going to adopt in the future.

Note 2: The principle of materiality refers to those who have a significant influence on the company's investors and other stakeholders regarding to environmental, social and corporate governance issues.

Note 3: For the disclosure method, please refer to the template on the Taiwan Stock Exchange Rules & Regulations Directory website.

Climate-related Information of TWSE/TPEX Listed Companies

1. Implementation Status of Climate-related Information

Item	Implementation Status
<p>1.State the supervision and governance of climate-related risks and opportunities of the Board of Directors and the management.</p>	<p>To effectively promote and implement sustainable development and related initiatives. The Board of Directors serves as the highest governance unit for ESG sustainability and set up organization structure such as management level and execution units as follows:</p> <p>(1) The highest governance unit: The Board of Directors serves as the highest supervisory and guiding unit of sustainable management strategy. To strengthen the management of ESG sustainable business, the Company set up "Sustainable Development Committee" in June 2022 which is composed of Chairman Chia-Chau Wu, President Ming-Jen Tzou and Independent Directors, Chih-Kang Wang, Yun-Peng Chu, Yun-Peng Chu. The members are responsible for reviewing sustainable development policies, strategies, and management guidelines, as well as overseeing the Company's promotion of sustainable development initiatives and implementation plans.</p> <p>(2) Management level: The "ESG Sustainability Promotion Organization" is responsible for setting up ESG strategy goals of the Company, supervising execution of related business activities. Besides setting up sustainable development strategy and carbon reduction target, the organization reports to Sustainable Development Committee and Board of Directors at least once a year respectively. In 2023, it reported to the Sustainable Development Committee twice and reported the proposal to the Board of Directors on May 31. The main report content includes carbon management operations such as greenhouse gas inventory, identification of climate risks and opportunities, and ESG execution effectiveness.</p> <p>(3)Promotion Organization: "ESG Promotion Team" is responsible for the execution of related business. To cope with the global sustainability trend of carbon reduction, the Company established the "Risk Management Promotion Team". The TCFD Task Force has been further established to handle the identification of risks and opportunities associated with climate change, following which the "ESG Promotion Team" and "Energy Saving and Carbon Reduction Promotion Team" discuss and establish the management actions of climate change risk adjustment and enhancement of risk resilience, and periodically tracks the energy saving and carbon reduction promotion of each business division and relevant unit.</p> <p>(For more details, please refer to "Governance" chapter of 2023 TCFD Report)</p>
<p>2. State how identified climate risks and opportunities affect the business, strategies, and finance of the company in the short-term, medium-term and long-term.</p>	<p>The identification of climate change risks for the Company follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), June 2017. When developing risk scenarios, consideration is given to transition risk (policy and legal/ market/ technology/ company reputation) and physical risk (chronic/ acute). Furthermore, risks are elucidated for potential events that may occur.</p> <p>The risk and opportunity matrix takes factors such as the likelihood of occurrence and degree of financial impact of each risk and opportunity into account and divides the severity and likelihood of the financial impact that risks and opportunities may have on the Company into five levels. Points are assigned based on the different financial impacts and the likelihood of occurrence. In this regard, the Company defines a financial impact exceeding NT\$1 million as substantial. The probability of occurrence is assessed together with the potential impact time of each event. Finally, response measures and handling procedures are formulated based on the identified impact level. The identification results for the year 2023 are as follows:</p>

Item	Implementation Status		
	Risk/Opportunity Topic	Description of Impact /Response Strategy or Example	Financial Impact (Revenue Proportion of Parent Company of 2023)
	Transition Risk-Policy and Legal	<p>[Description of Impact] "Climate Change Response Act" and the EU's Carbon Border Adjustment Mechanism (CBAM) - Related expenses for complying with regulations (carbon fee, carbon tax)</p> <p>[Response Strategy or Example] 1. Continue to promote the four main carbon reduction strategies of "Low-Carbon Energy Transition" and low-carbon manufacturing technologies. 2. Cross-plant excellent energy saving and carbon reduction cases sharing.</p>	0.58%
	Transition Risk-Policy and Legal	<p>[Description of Impact] Renewable Energy Development Act (Terms of Energy-heavy Industries) – related expense for complying with regulations. (Voucher for insufficient installation of renewable energy)</p> <p>[Response Strategy or Example] A 8,185.98 KW solar power generation system has been built on the roofs of some plants in Hsinkang and all plants in Chiayi in 2023 which is in accordance with early bird discount of 8% for three years of "Terms of Energy-heavy Industries".</p>	- (Already Complied with current regulations, there's no risk for penalty payment)
	Transition Risk-Policy and Legal	<p>[Description of Impact] Levying water consumption charges - Related expenses for complying with regulations.</p> <p>[Response Strategy or Example] 1. FPG Mailiao Industrial Complex seawater desalination plant project (constructed by FPCC). 2. The Jinxing site uses discharged water from the Taoyuan North District Water Recycling Center as process cooling water. 3. Implement circular economy, promote water-saving improvement projects such as rainwater recycling, and apply AI technology to improve water use efficiency.</p>	0.003%
	Transition Risk-Market	<p>[Description of Impact] Change of customer behavior-Impact of reduced revenue from failing to satisfy customer demand.</p> <p>[Response Strategy or Example] 1. Develop and promote green products to implement green solution actively. 2. Actively create new uses for products and new materials that meet environmental protection trends and unique requirements in response to market demand.</p>	1.84%

Item	Implementation Status		
	Risk/Opportunity Topic	Description of Impact /Response Strategy or Example	Financial Impact (Revenue Proportion of Parent Company of 2023)
		<p>3. Actively seeking cooperation and strategic alliances with domestic and international major manufacturing and brands, such as President Chain Store Corp. and ATUNAS, to co-creating "Sustainable Recycling Circular Value Chain".</p> <p>[Description of Impact] Impacted by the negative ESG reputation, financial institutions may increase the interest rates on loans, or may even refuse to provide loans to industries of high carbon emissions.</p> <p>[Response Strategy or Example] Actively participates in international energy saving and carbon reduction advocacies, and promotes carbon reduction measures to increase the reputation. The promotion case examples are as follows:</p> <ol style="list-style-type: none"> 1. Participate in the international "Carbon Disclosure Project (CDP)" evaluation "TCFD Advocacy", "Science Based Target initiative (SBTi)". 2. Strengthen information disclosure and improve the Company's ESG performance by referring to international performance evaluation i.e., Both "Climate Questionnaire" and "Water Questionnaire" obtained A in 2023. 3. Participate in the sustainability-linked loan project of Taiwan Bank and CTBC Bank. 	0.07%
	Transition Risk-Company Reputation		
	Physical Risk Chronic-Change of environment	<p>[Description of Impact] Rising temperature: Due to climate change impacts, the average temperature has risen, leading to increased usage frequency of air conditioning in company offices and production plants, as well as rising water demand.</p> <p>[Response Strategy or Example] 1. Replace old air conditioning equipment with high-efficiency and energy-saving models and adopt green building designs for new plants. 2. Encourage production plants to get ISO 50001 energy-saving management system verification. 3. Continue to promote circular economy and apply AI technology to improve the efficiency of water-saving and energy saving projects, such as optimizing the ice water host system.</p>	0.07%

Item	Implementation Status		
	Risk/Opportunity Topic	Description of Impact /Response Strategy or Example	Financial Impact (Revenue Proportion of Parent Company of 2023)
	Physical Risk Chronic-Change of environment	<p>[Description of Impact] Water resource shortage: According to the Taiwan Climate Change Science Report, under more severe warming scenarios such as RCP2.6, a reduction in rainfall of approximately 2% is predicted. Additionally, influenced by global climate change, there are alterations in the timing of rainfall, leading to shorter rainy seasons. This long-term trend results in water resource shortages.</p> <p>[Response Strategy or Example] 1. Conduct risk assessment and management for water resources every year. 2. Expand water sources and implement various water-saving measures, such as desalination plants, recycled water, rainwater and process water recycling, etc. 3. Encourage the sharing and integration of water resources across production plants and companies.</p>	0.03%
	Physical Risk Acute - Extreme climate	<p>[Description of Impact] Heavy rainfall/flooding: Based on 1986 to 2005, estimated climate conditions for the near future (2016 to 2035) in the plant area under RCP4.5 and RCP8.5 scenarios indicate a maximum consecutive rainfall of 7.5-7.7 days with 1,078mm to 1,085mm. The total rainfall is expected to increase by 15% compared to the average, posing potential risks to the operation of the plant area.</p> <p>[Response Strategy or Example] Each production plant continues to work on flood prevention measures, and the following are significant improvement projects: 1. Renwu site is installed with the flood control pumps, which the maintenance is performed periodically. 2. Mailiao site, major desilting and dredging operation is performed annually.</p>	0.82%
	Physical Risk Acute - Extreme climate	<p>[Description of Impact] Strong wind/typhoon: Based on 1986 to 2005, estimated climate conditions for the near future (2016 to 2035) in the plant area under the RCP8.5 scenario, the number of typhoons in the Taiwan region will decrease by 15%, the proportion of severe typhoons will increase by 100%, and the rainfall from typhoons will increase by 20%. These changes pose potential risks to the operation of the plant area.</p> <p>[Response Strategy or Example] 1. Form a typhoon prevention task force, establish clear authority and labor divisions, and perform emergency response training to reduce the risks and harm caused by a strong typhoon.</p>	0.27%

Item	Implementation Status		
	Risk/Opportunity Topic	Description of Impact /Response Strategy or Example	Financial Impact (Revenue Proportion of Parent Company of 2023)
		<p>2. Strengthen the plant's infrastructure, such as fortifying doors and windows before the typhoon arrives.</p> <p>3. Insure the Company's assets and equipment to mitigate the effects of natural disasters.</p>	
	Physical Risk Acute - Extreme climate	<p>[Description of Impact] Water shortage/drought: Based on 1986 to 2005, estimated climate conditions for the near future (2016 to 2035) in the plant area, drought will cause water shortage or drought disaster for two months each year.</p> <p>[Response Strategy or Example] 1. To mitigate the risk of plant shutdown due to water shortage or drought, 2 drought-resistant wells were drilled in the Renwu site, increasing the water supply by 2,300M³/day. 2. Collaborate with the public sector to develop the hyporheic flow of Donggang River and Gaoping River in order to stabilize the water supply. The Company also assesses trading water for water in order to secure water rights by developing the treatment of high ammonia-nitrogen wastewater in the Huliao River.</p>	0.82%
	Transition Opportunity- Energy/technology	<p>[Description of Impact] Promoting the following climate transformation projects is expected to lower carbon fees or raise revenue, bringing up potential opportunities for the Company: 1. Low-Carbon Energy Transition 2. Carbon capture, storage and utilization</p> <p>[Response Strategy or Example] 1. Promote the low-carbon conversion of equipment to use gas, such as the utility plants changed from coal to gas in Linkou, Shulin, and Chiayi site. 2. Using carbon capture technology, convert all CO₂ generated by chemical processes into liquid CO₂ and sell it to downstream clients. 3. Maintain a thorough understanding of the commercialization status of technologies such as "flue gas capture," "Algae carbon capture," and "hydrogen energy," and apply them in a timely manner. 4. Collaborate with industry, government, and academia to develop and commercialize new carbon-negative technology.</p>	0.14%

Item	Implementation Status		
	Risk/Opportunity Topic	Description of Impact /Response Strategy or Example	Financial Impact (Revenue Proportion of Parent Company of 2023)
	Transition Opportunity-Resource Efficiency	<p>[Description of Impact] Promote circular economy and reduce costs: In accordance with the 4R principles of circular economy, reduce, reuse, recycle and renew, NPC promotes raw material recycling and reuse, raises the proportion of waste that becomes resources, and progressively establishes a sustainable and circular value chain.</p> <p>[Response Strategy or Example] 1. Continue to promote the recycling and reuse of sub-quality products and PIR, such as sub-quality PET products, PP recycled resins, and MLCC release films. 2. Increase the proportion of waste that is recycled and reused as a resource, such as fiberglass cloth scraps, sandblasting waste, SMC waste glass fiber and PP/PVC raw materials dust powder collection. 3. Increase the use of regenerated materials and reduce carbon emissions at the raw material stage.</p>	0.09%
	Transition Opportunity-Resource Efficiency	<p>[Description of Impact] Efficiency improvement of energy and resource use: To actively reduce carbon emissions, promote different water-saving and energy saving improvement projects such as AI applications and the introduction of advanced energy-saving equipment.</p> <p>[Response Strategy or Example] 1. Use modern technologies such as AI to reduce raw material waste and material costs. 2. Promote water-saving improvement projects: In 2023, 440 energy saving improvement projects were completed, the CO₂ reduction amount was around 126,153 ton/year. 3. Promote technology improvement in the production process and replace entire pant and office area lighting fixtures with LED lamps.</p>	0.78%
	Transition Opportunity-Product and Service	<p>[Description of Impact] Research and development of energy-saving products: In recent years, the world has been affected by extreme weather events, temperatures have continued to rise, and consumer demand for low carbon and energy-saving products has increased, resulting in potential business opportunities for energy saving and heat-insulating products.</p> <p>[Description of Impact] Numerous green products have been developed, and research and development are now being consistently invested in to support the transition of new green business opportunities. The following are the primary cases:</p>	0.65%

Item	Implementation Status		
	Risk/Opportunity Topic	Description of Impact /Response Strategy or Example	Financial Impact (Revenue Proportion of Parent Company of 2023)
		<p>1. Cooler Paint (heat insulation paint): The product which is verified by National Taiwan University of Science and Technology, is able to save 31.8% energy consumption of air conditioning in summer.</p> <p>2. Energy saving airtight window: Low thermal conductivity can save up to 20% on energy consumption.</p> <p>3. ICE COOL (heat insulation paper): Use non-toxic material, and equipped with the characteristics of antiexplosion, high light transmittance and high IR, UV isolation, capable of reducing energy consumption.</p>	
	Transition Opportunity-Product and Service	<p>[Description of Impact]</p> <p>Recycling product expansion: To extend the product life cycle, making it easier to reuse, repair, and recycle, and use recycled materials to replace primary raw materials as much as possible. Governments around the world have set up recycling targets for beverage containers. Simultaneously, big international brands such as NIKE, IKEA, and HP also set target schedules for the usage of recycled materials.</p> <p>[Description of Impact]</p> <p>1. Continue to promote PCR products, including PET products, environmentally friendly film products, APET tape products, fabric recycling, etc.</p> <p>2. Actively seek for recycled material sources to provide a steady supply of raw resources.</p> <p>3. Develop modified polyester resins and single material packaging films to aid in subsequent recycling.</p> <p>4. Promote the Nanya SAYA recycling products brand.</p>	0.56%
	Transition Opportunity-Product and Service	<p>[Description of Impact]</p> <p>Diverse business operation- Many countries around the world have formulated the timetable for the ban on fuel sale or encouraged development of renewable energy such as wind power, driving the rapid growth of the electronic vehicle and wind power industrial, in line with international trends.</p> <p>[Description of Impact]</p> <p>1. Actively engage in the research and development of electric vehicle industry related products. For instance, copper foils are initially used in electrical and electronic industries. Some of the copper foils can be further used as the electrodes of the lithium batteries of electric vehicles in recent years and the copper foil production line is expanded accordingly.</p>	0.40%

Item	Implementation Status		
	Risk/Opportunity Topic	Description of Impact /Response Strategy or Example	Financial Impact (Revenue Proportion of Parent Company of 2023)
<p>3. State the effects of extreme climate events and transition actions on finance.</p> <p>4. State how the process for identifying, assessing, and managing climate risks is integrated into the overall risk management system.</p>		<p>2. In response to the green energy development trend, the Company is investing in the “development of multiaxial fabric technology and equipment for industrial fiber glass” to product multiaxial fabric in order to entering the market of wind turbine blade applications.</p>	
	<p>(For more details, please refer to the “Management of Climate Change Risks and Opportunities” chapter of 2023 TCFD Report.)</p> <p>1. Extreme climate Event: The Company identified the physical risk of extreme climate includes (i) heavy rainfall, flooding (ii) strong wind, typhoon (iii) water shortage, drought. Assuming that due to extreme weather events, the plant reduces production or shuts down temporarily, the financial impact of each shutdown lasting 1 to 3 days accounts for approximately 0.27% to 0.82% of revenue of parent Company of 2023.</p> <p>2. Transition Action: Actively promoting AI applications to reduce process material losses and lower material costs, while implementing various water and energy-saving improvement projects such as the introduction of advanced energy-saving equipment, replacing entire pant and office area lighting fixtures with LED lamps. The total benefits account for approximately 0.78% of revenue of the parent company of 2023.</p> <p>3. Research and development of energy-saving products: In recent years, the world has been affected by extreme weather events, temperatures have continued to rise, consumer demand for low carbon and energy-saving products has increased. The Company has developed plenty heat-insulating products such as cooler Paint (heat insulation paint), energy saving airtight window, ICE COOL (heat insulation paper). The total benefits account for approximately 0.65% of revenue of the parent company of 2023.</p> <p>4. Recycling product expansion: In response to the fermentation of the international circular economy issues, the Company continues to promote PCR products, including PET products, fabric recycling, etc. Furthermore, improving product design, develop modified polyester resins and single material packaging films. In addition, promoting the Nanya SAYA recycling products brand. The total benefits account for approximately 0.56% of revenue of the parent company of 2023.</p> <p>5. Diverse business operation: In response to the development trend of low-carbon industries such as electric vehicles and wind power, investments are being made in product research and development, as well as expanding production lines such as the lithium batteries of electric vehicles. Besides, investing in the “development of multiaxial fabric technology and equipment for industrial fiber glass” to product multiaxial fabric. The total benefits account for approximately 0.40% of revenue of the parent company of 2023.</p> <p>The Company has established a comprehensive risk management culture, implementing risk management practices. On Dec. 16, 2020, the Board of Directors passed the “Risk Management”, clearly defining climate change as one of the Company's risk factors. Integrated and implemented ISO 14001 environmental management system. Climate risk management is incorporated into the risk management process involving “identification, analysis and evaluation, control and treatment, monitoring and review, information communication, and reporting”, integrated into the overall risk management mechanism of the company.</p>		

Item	Implementation Status									
5. If using scenario analysis to assess resilience to climate change risks, it is necessary to explain the scenario, parameters, assumptions, analysis factors used, and major financial impacts.	<p>The TCFD task force is composed of President Office, direct division and each division. In accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), June 2017, attributes such as transition risks, physical risks, and transition opportunities are taken into consideration and responsibilities are delegated based on job functions. The TCFD task force collects, analyzes, and integrates information of climate change and energy-related risks and opportunities every year, then following the ISO 14001 risk identity procedure to identify and assess relevant risk and opportunity of climate change. "ESG Promotion Team" and "Energy Saving and Carbon Reduction Promotion Team" will set up the goals and response measures according to the results of identification and regularly review the promotion effectiveness. To facilitate subsequent management supervision and tracking of project execution effectiveness, it will report to the "ESG Sustainability Promotion Organization". The procedure of identifying, assessing and managing risk related to climate: Background information collection -> Risk and operational assessment boundaries -> Risk and operational impact analysis -> Set control measures and goals -> Review optimizations.</p> <p>(For more details, please refer to the "Management of Climate Change Risks and Opportunities" chapter of 2023 TCFD Report.)</p> <p>In accordance with the TCFD recommendations, the Company applies the worst-case scenario for both transition and physical risk types, incorporating the analysis results into resilience assessments for strategic planning.</p> <p>Transition risk references The IEA WEO 450 Scenario (2016), Nationally Determined Contribution targets (NDC), and "Intended Nationally Determined Contribution (INDC)" a report of Taiwan in 2015, which aims to achieve a 50% reduction below the business as usual (BUA) GHG emission level by 2050. In this scenario, the power generation structure for 2025 comprises 20% renewable energy, 30% coal, and 50% natural gas. Upon incorporating the aforementioned scenario, analyze the impacts on the Company's market, technology, reputation, finances, and operation.</p> <p>Physical risk references the Climate Change Knowledge Portal of World Bank, Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) and National Science & Technology Center for Disaster Reduction. For scenarios such as RCP2.6, RCP4.5, and RCP8.5, an analysis is conducted to estimate temperature rise, precipitation reduction, flooding, and drought conditions from 2020 to 2040.</p> <p>(For more details, please refer to the "Management of Climate Change Risks and Opportunities" chapter of 2023 TCFD Report.)</p>									
6. If there is a transition plan to address and manage climate-related risks, please explain the plan's content, as well as the indicators and goals used to identify and manage physical risks and transition risks.	<p>1. In response to the risk and opportunity of climate change, the Company will continue to promote the four main carbon reduction strategies such as "Low-Carbon Energy Transition". The indicators and key goals set for each aspect are as follows:</p> <table><tr><th>Strategy</th><th>Indicator</th><th>Goals</th></tr><tr><td>Low-Carbon Energy Transition</td><td>Gas-fired boilers and other equipment were built in place of the coal-fired boilers that were previously used in utility plants. Production plants also changed from using high-carbon energy like coal and heavy oil to low-carbon energy like natural gas.</td><td>The improvement projects completed before 2030 is expected to reduce 1.14 million ton of carbon.</td></tr><tr><td>Energy Conservation and Circular Economy</td><td>Continue to promote process improvement, circular economy, AI and digital transformation to improve energy efficiency and reduce waste generation. It is expected to reduce 0.87 million ton of carbon.</td><td>The improvement projects completed before 2030 is expected to reduce 0.91 million ton of carbon.</td></tr></table>	Strategy	Indicator	Goals	Low-Carbon Energy Transition	Gas-fired boilers and other equipment were built in place of the coal-fired boilers that were previously used in utility plants. Production plants also changed from using high-carbon energy like coal and heavy oil to low-carbon energy like natural gas.	The improvement projects completed before 2030 is expected to reduce 1.14 million ton of carbon.	Energy Conservation and Circular Economy	Continue to promote process improvement, circular economy, AI and digital transformation to improve energy efficiency and reduce waste generation. It is expected to reduce 0.87 million ton of carbon.	The improvement projects completed before 2030 is expected to reduce 0.91 million ton of carbon.
Strategy	Indicator	Goals								
Low-Carbon Energy Transition	Gas-fired boilers and other equipment were built in place of the coal-fired boilers that were previously used in utility plants. Production plants also changed from using high-carbon energy like coal and heavy oil to low-carbon energy like natural gas.	The improvement projects completed before 2030 is expected to reduce 1.14 million ton of carbon.								
Energy Conservation and Circular Economy	Continue to promote process improvement, circular economy, AI and digital transformation to improve energy efficiency and reduce waste generation. It is expected to reduce 0.87 million ton of carbon.	The improvement projects completed before 2030 is expected to reduce 0.91 million ton of carbon.								

Item	Implementation Status		
	Strategy	Indicator	Goals
	Increasing Renewable Energy Usage	Solar power generation equipment will be built on the roofs of buildings in each plant of the Company and some of Taiwan subsidiaries. Additionally, continuous tracking and research on the development of other renewable energy resources such as hydroelectric power, wind power and hydrogen energy to expand and response to the renewable energy timely.	A total of 54,315 KW capacity built on the roofs of buildings in each plant completed before 2030 is expected to reduce 50 thousand ton of carbon.
	Application of Carbon Capture Technology	Expand electronic-grade and industrial-grade liquid CO ₂ plants to recycle CO ₂ generated from the chemical manufacturing process.	The improvement projects of application of carbon capture technology completed before 2030 is expected to reduce 0.19 million ton of carbon.
<p>2. To continuously stay abreast of international carbon reduction management trends, actively completing the “Climate Change Questionnaire” and “Water Questionnaire” of CDP, participating in significant international climate assessments and referencing assessment indicators and requirements to adjust carbon reduction policies and management measures in a timely manner. Meanwhile, aiming to maintain “Leadership Level” in the CDP assessment reporting targets.</p> <p>3. To ensure stakeholders fully understand the efforts and execution effectiveness of the Company’s carbon reduction management, as well as the ability to adapt to physical and transitional risk posed by climate change. The Company will continue to compile reports based on the TCFD framework. These reports will be updated annually and published on the Company website, clearly disclosing the identification results of risk and opportunity of climate risk, promotion goals, strategies and implementation effectiveness. The 2022 TCFD Report of the Company was published in June 2023.</p> <p>(For more details, please refer to the “Strategy” chapter of 2023 TCFD Report.)</p>			
7. If using internal carbon pricing as a planning tool, the basis of price determination shall be explained.	<p>The Company has been promoting Internal Carbon Pricing (ICP) to increase various departments’ awareness of greenhouse gas emissions and strengthen the implementation of carbon reduction tasks. Through greenhouse gas calculation system developed by the Company, the carbon emission costs (including costs for exceeding emission limits) are incorporated into monthly performance evaluations, aiming to deepen the greenhouse gas reduction tasks of various departments. Meanwhile, to promote carbon reduction of supply chain, the Company has established “Equipment Selection Analysis Form” for high carbon emitting equipment procurement projects. The purchasing department will estimate the carbon emissions of the equipment to be procured and includes carbon emission costs in the procurement selection considerations.</p> <p>Please refer to Table 1-2 for detailed information regarding greenhouse gas reduction targets, covered activities, emission scopes, planning timelines and annual progress.</p> <p>The Company declared the use of 2,036 Renewable Energy Certificates (RECs). In 2023, the solar power generation capacity installed by the Company generated a total of 2,036,000 kWh of electricity.</p>		
8. If climate-related goals are set, the activities covered, scope of GHG emissions, planning schedule, and annual progress should be explained. If carbon offset or Renewable Energy Certificates (RECs) are used to achieve the related goals, the source and quantity of carbon reduction credit offset or the quantity			

Item	Implementation Status
<p>of Renewable Energy Certificates (RECs) should be specified.</p> <p>9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below)</p>	<p>1. The Company has been conducting greenhouse gas inventory and commissioning external organizations (i.e., SDS and BSI) for verification and reporting emission amount to the Ministry of Environment in accordance with the regulation.</p> <p>2. To demonstrate the commitment of carbon reduction, besides publicly declaring short, medium and long-term goals, the Company submits disclosures of carbon management to the international organization CDP (Carbon Disclosure Project) annually. In 2023, the Company achieved “Leadership Level”.</p> <p>3. To ensure the effectiveness of carbon reduction efforts, the Company has set a target to limit global warming to no more than 2°C. The target was submitted for certification to the international organization SBTi (Science Based Targets Initiatives) and was approved. The target us to achieve an average annual reduction of 2.5% in Scope 1 and Scope 2 emissions over a period of 5 to 15 years.</p> <p>5. Please refer to the detailed information regarding inventory, assurance status, reduction target, etc. in the table below.</p>

1.1 The Company's greenhouse gas inventory and assurance in the recent two years

1.1.1 Information on greenhouse gas inventory

State the greenhouse gas emissions (metric tons of CO ₂ e), intensity (metric tons of CO ₂ e/million), and scope of data coverage in the recent two years					
Specify the scope of data disclosure required by the Sustainability Development Roadmap for TWSE/TPEx Listed Companies:					
1. The parent company of the Company shall start to take inventory of greenhouse gas emission of 2022 in 2023, the Company has started to take inventory annually since 2005.					
2. The subsidiaries of the consolidated financial statement shall start to take inventory of greenhouse gas emission of 2024 in 2025, the Company will take inventory annually from 2025.					
The greenhouse gas emissions of the Company's Taiwan plant area have been disclosed in the Sustainability Report and the relevant environmental sections and are verified by third party certifying authorities such as SGS Taiwan Ltd. (SGS) and the British Standards Institution (BSI). Excerpts from the data in the recent two years are as follows:					
					Unit: ton CO ₂ e
Year	Scope		Scope 1	Scope 2	Scope 3
2022	Parent Company	Taiwan Plant Area	1,628,833	2,955,507	13,680,477
2023			1,411,093	2,405,078	under inventory
2022	Subsidiaries	Nan Chung Petrochemical Corp., Nan Ya Printed Circuit Board Corp., PFG Fiber Glass Corp.	69,564	762,553	-
2023			43,141	629,520	-
Emission intensity (ton CO ₂ e / million)					
					27.10
					31.53
					14.85
					19.86
Explanation: 1. Emission intensity = (Scope 1 + Scope 2)/operating revenue of the parent company only financial report for the current year (million).					
2. The greenhouse gas emissions in 2023 represent the internal inventory figure of the Company.					

Note1: Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the Company), energy indirect emissions (Scope 2, i.e., greenhouse gas emissions indirectly caused by the input of electricity, heat, or steam), and other indirect emissions (Scope 3, i.e., emissions generated from the Company's activities that are not energy indirect emissions but come from other sources owned or controlled by the Company).

Note2: The scope of data coverage of direct emissions and energy indirect emissions shall be handled in accordance with the schedule specified in the provision of Article 10, Paragraph 2 of the Guideline. Information on other indirect emissions may be voluntarily disclosed.

Note3: Standard for greenhouse gas inventory: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note4: The intensity of greenhouse gas emissions can be calculated by using product, service, or revenue per unit. However, at least the data calculated by revenue (NT\$ million) shall be stated.

1.1.2 Information on greenhouse gas assurance

State the explanation of assurance during the recent two years up to the date of publication of the annual report, including the scope of assurance, assurance agencies, assurance standards, and assurance opinions
Specify the scope of data disclosure required by the Sustainability Development Roadmap for TWSE/TPEx Listed Companies:
1. The parent company of the Company shall start to assure greenhouse gas emission of 2023 in 2024, the Company has annually commissioned third-party professional organizations to conduct inventory and implemented assurance annually from 2024.
2. The subsidiaries of the consolidated financial statement shall start to assure greenhouse gas emission of 2026 in 2027, the Company will implement assurance annually from 2026.
The greenhouse gas assurance scope of 2022 includes the Company and subsidiaries such as Nan Chung Petrochemical Corp., Nan Ya Printed Circuit Board Corp., PFG Fiber Glass Corp., and were verified by SGS Taiwan Ltd. (SGS), British Standards Institution (BSI), AFNOR International and Bureau Taiwan in accordance with ISO 14064-1 standard, and the assurance opinions were reasonable assurance.
The greenhouse gas assurance scope of 2022 includes the Company and subsidiaries such as Nan Chung Petrochemical Corp., Nan Ya Printed Circuit Board Corp., PFG Fiber Glass Corp., and were verified by SGS Taiwan Ltd. (SGS) and British Standards Institution (BSI) in accordance with ISO 14064-1 standard, the Complete assurance information will be disclosed in the sustainability report.

Note1: Shall be handled in accordance with the schedule specified in the provision of Article 10, Paragraph 2 of the Guideline. If the Company fails to obtain complete greenhouse gas assurance opinions by the date of publication of the annual report, it shall be noted as "Complete assurance information will be disclosed in the sustainability report." If the Company does not prepare a sustainability report, it shall be noted as "Complete assurance information will be disclosed on the Market Observation Post System," and the complete assurance information shall be disclosed in the next year's annual report.

Note2: Assurance agencies shall comply with the relevant regulations for assurance agencies of sustainability reports stipulated by the Taiwan Stock Exchange Corporation and the Taipei Exchange.

Note3: For content of disclosure, please refer to the example of best practices on Corporate Governance Center of Taiwan Stock Exchange website.

1.2 Greenhouse gas reduction goals, strategies, and specific action plans

State the base year and its data, reduction goals, strategies and specific action plans, as well as the achievement of reduction goals of greenhouse gas reduction
<p>The Company has set up three carbon reduction targets for the parent company: "external commitment", "internal stricter management" and "SBTi approval" in response to various purposes. The Company will pursue the strictest reduction standards as the goal by fulfilling the aforementioned targets of carbon reduction paths can the Company ultimately realized the long-term goal of "carbon neutrality by 2050". The relevant explanation are as follows:</p> <p>A. The figure and reduction target of greenhouse gas reduction base year:</p> <p>(i) External Commitment: For "Scope 1 + Scope 2", use 2007 as the base year (6.95 million tons of CO₂e), a 20% decrease in 2025 (5.56 million tons of CO₂e), a 35% reduction in 2030 (4.52 million tons of CO₂e), and achieve carbon neutrality by 2050.</p> <p>(ii) Internal Stricter Management: For "Scope 1 + Scope 2", use 2020 as the base year (5.92 million tons of CO₂e), a 12.5% decrease in 2025 (5.18 million tons of CO₂e), a 25% reduction in 2030 (4.44 million tons of CO₂e), and achieve carbon neutrality by 2050.</p> <p>(iii) SBTi Approval: The targets were set up in compliance with SBTi's specifications and be accepted in March 2023. For "Scope 1 + Scope 2" use 2021 as the base year (6.14 million tons of CO₂e) and a reduction of 15% in 2027 (5.22 million tons of CO₂e). For "Scope 3" use 2021 as the base year (23.79 million tons of CO₂e) and a reduction of 7.4% in 2027 (22.03 million tons of CO₂e).</p> <p>B. Short-term and long-term carbon reduction strategy and specific action plan:</p> <p>(i) Low-Carbon Energy Transition: Gas-fired boilers and other equipment were built in place of the coal-fired boilers that were previously used in utility plants. Production plants also changed from using high-carbon energy like coal and heavy oil to low-carbon energy like natural gas. It is expected to reduce 1.14 million ton of carbon.</p> <p>(ii) Energy Conservation and Circular Economy: Continue to promote process improvement, circular economy, AI and digital transformation to improve energy efficiency and reduce waste generation. It is expected to reduce 0.91 million ton of carbon.</p> <p>(iii) Increasing Renewable Energy Usage: Solar power generation equipment with a total capacity of 54,663 KW (Completed 8,185.98 KW) will be built on the roofs of buildings in each plant of the Company and some of Taiwan subsidiaries. It complies with the 10% obligatory capacity (or early bird discount of 8% for three years) as terms of government for energy-heavy industries.</p> <p>(iv) Application of Carbon Capture Technology: Expand electronic-grade and industrial-grade liquid CO₂ plants to recycle CO₂ generated from the chemical manufacturing process. It is expected to reduce 0.19 million ton of carbon.</p> <p>C. The parent company's inventory amount conducted by the Company was 3.82 million ton, decreased by 0.76 million ton, compared with verified amount 4.58 million ton and achieved the internal stricter management target of the parent Company (reduce to 4.44 million tons of CO₂e by 2030).</p>

Note 1: Shall be handled in accordance with the schedule specified in the provision of Article 10, Paragraph 2 of the Guideline.

Note 2: The base year shall be the year in which the inventory is completed based on the boundaries of the consolidated financial statements. For example, according to the provision of Article 10,

Paragraph 2 of the Guideline, companies with a capital of more than NT\$10 billion shall complete the inventory of 2024 consolidated financial statements in 2025. Therefore, the base year is 2024. If the company has completed the inventory of the consolidated financial statements in advance, the earlier year can be used as the base year. In addition, the data of the base year can be calculated by the average of a single year or multiple years.

Note 3: For content of disclosure, please refer to the example of best practices on Corporate Governance Center of Taiwan Stock Exchange website.

3.4.7 Operational Integrity Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons

Evaluation Item	Implementation Status (Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Summary	
<p>1. Stipulating policies and plans for ethical corporate management</p> <p>(1) Has the Company formulated the ethical corporate management policies approved by the Board of Directors, clearly indicated policies and activities related to ethical corporate management in its bylaws and external documents, and are the Company's Directors and management team actively fulfilling their commitment to corporate policies?</p>	V		<p>(1) The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, and other related regulations, and upholding the "Diligence, Perseverance, Frugality and Trustworthiness" enterprise spirit in order to comply with the law and ethical standards. With the business philosophy of honesty, integrity, fairness, and transparency, self-discipline, and responsibility, the Board of Directors has approved the Company's ethical corporate management policy on November 12, 2014. By setting the Company's President Office as the driving unit to formulate and implement various ethical policies, the Company establishes a good corporate governance and risk control mechanism, to seek sustainable development of the Company. The Board of Directors and the senior managements also promised to actively implement and supervise the implementation of the ethical management policies.</p>	In compliance with Article 4 and Article 5 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
<p>(2) Does the company establish a risk assessment mechanism against unethical conduct, regularly analyze and assess business activities within their business scope which are at a higher risk of being involved in unethical conduct? Does the company establish prevention programs accordingly including measures prescribed in Article 7 Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p>	V		<p>(2) A. The Company has established strict rules of conduct and ethics in the rules and regulations such as the "Personnel Management Rules" and "Working Rules", and has specified the relevant reward and punishment regulations. Directors, managers, servants of the Company, or those who have substantial control capabilities are prohibited from providing, pledge, requesting or accepting any illegitimate interests directly or indirectly, or making other violations of good faith, illegality, or breach of fiduciary duty to prevent malpractice, misappropriation of public funds, acceptance of bribes, disclosure or lies, and other acts of dishonesty.</p> <p>B. The Company regularly analyzes and evaluates business activities with a high risk of acting unethical, and specified the regulations for relevant employees in "Personnel Management Rules" and "Working Rules". That is, positions of interest for business, procurement, contracting, supervision, and budgeting, as well as contact with other manufacturers shall not accept business dinners or other entertainment activities invited by the manufacturer, nor accept the property or other interests of gifts. The offenders shall be excused from office and their Supervisors shall be jointly and severally punished. In addition,</p>	<p>Complying with the regulations specified in Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," the Company has specified and enacted regulations designed to prevent unethical conduct in multiple rules and systems. Nevertheless, specific "Procedures for Ethical Management and Guidelines for Conduct" has yet to be formulated.</p>

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Summary	
			<p>related duties have comprehensively promoted regular rotation operations to prevent the occurrence of any corruption.</p> <p>C. The specific practice such as to sign the "Oaths" on the first day of the employee's employment, which requires employee to comply with the "Business Secrets Act" and has no violation of the intellectual property rights of the owner of the computer software. The Company also issue a "Working Rules" manual to the individual for immediate enquiry about "Personnel Management Rules" and "Ethical Corporate Management Best Practice Principles". For those who are dealing with external manufacturers, it is necessary to sign the "Self-Legal Convention" and adopt regular rotation system. The relevant laws and regulations of the business are also included in the training courses for new recruits, professional job training and supervisory reserve training. In addition, in order to strengthen the employees' behavior and ethics, they have signed the "Employee Compliance Operation Policy Statement".</p>	
<p>(3) Does the Company clearly specify the procedures, behavior guidelines, and punishment for violations and grievance system in the plan of preventing unethical behaviors, and implement them, and regularly reviews and revises the foresaid plan?</p>	V		<p>(3) The Company specifies the ethical policies, regulations and related procedures, behavior guidelines, punishment for violations, grievance system, etc., in "Personnel Management Rules", "Ethical Corporate Management Best Practice Principles", "Main Point of Preventing Insider Trading", "Informant Regulations" and "Employee Grievance Procedure" etc. In addition, "Code of Ethical Conduct" is formulated for the Company's directors and managers, please refer to "Chapter 3.4.8 Other Important Corporate Governance Information". The foresaid rules and regulations are reviewed regularly in order to meet the practical needs.</p>	In compliance with Article 6, paragraph 1 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
<p>2. Implementing ethical corporate management</p> <p>(1) Has the Company evaluated ethical records of its counterparty? Does the contract signed by the Company and its trading counterparty clearly provide terms on ethical conduct?</p>	V		<p>(1) The contract signed by the Company for commercial activities is subject to the terms of good faith. In addition, the Company conduct inquiries such as honesty investigations for customers, suppliers, and other stakeholders to avoid the occurrence of dishonest behavior and damage of the Company's rights and interests.</p>	In compliance with Article 9 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
<p>(2) Has the Company established an</p>	V		<p>(2) The President Office of the Company and the general management office of the</p>	In compliance with Article 17 of the

Evaluation Item	Implementation Status (Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Summary	
exclusively (or concurrently) dedicated unit for promoting ethical corporate management that answers to the Board of Directors? Does the said unit regularly (at least once in a year) report to the Board of Directors on its ethical management policies and plans of preventing dishonesty, and its implementation?			<p>whole enterprise promotes the operation of the integrity management of the enterprise, includes promoting ethical management policies, organizing education and training on issues related to ethical management, and deal with the cases related to informant according to the Company's informant regulations. The ethical management promoting units shall report the implementation to the Board of Directors annually. The latest report is December 13, 2023, which mainly evaluated the policies and implementation of integrity management, the Board of Directors and the management actively implement the commitments of the business policy; the Company's consideration of the legality and integrity records of agents, suppliers, customers, or other business transactions; whether it is required for those who have access to confidential and commercially sensitive information in the business and if it has a duty of confidentiality and has set up preventive measures; whether the Company has established a specific reporting and reward system, and established a convenient reporting channel and other integrity management projects; and also submitted internal audit reports to the Independent Directors for review monthly, and regularly report to the Board of Directors .</p>	"Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
(3) Has the Company established policies preventing conflict of interests, provided proper channels of appeal, and enforced these policies accordingly?	V		<p>(3) The Company has established policies preventing conflict of interests, provided proper channels of appeal, and enforced these policies accordingly.</p> <p>A. The Company's standards for the Board of Directors meetings has clearly stated that if Directors or the juridical persons they represented have a personal interest, they shall state the key aspects of the interest in the meeting. If their interest may prejudice the interests of the Company, the persons concerned shall not participate in the discussion and voting of those items and shall recuse themselves from those sessions. Also, they shall not stand proxy for other Directors to exercise the voting right on those items.</p> <p>B. The Company has stated in its "Personnel Management Rules" that employees should strictly abide by the code of conduct for avoidance of interests and proactively report ethical concerns such as conflicts of interest and have provisions prohibiting competition to prevent conflicts of interest.</p> <p>C. The Company has provisions for "Employee Grievance Procedure" and "Internal and External Reporting Procedure of Unlawful and Unethical Behaviors", etc., and provides specific reporting channels for reporting any</p>	In compliance with Article 19 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."

Evaluation Item	Implementation Status (Note1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Summary	
(4) Has the Company established effective accounting systems and internal control systems for enforcing ethical corporate management? Does the internal audit unit formulate the relevant audit plans based on the results of the risk assessment of dishonesty behaviors and audit the implementation of the plan that prevents unethical behaviors or commissioned to a CPA?	V		<p>illegal or improper behavior.</p> <p>(4) The Company has established an effective and improved accounting system and internal control mechanism, and fully implemented computerization of operations. The six management functions of personnel, finance, business, production, materials, and engineering are connected by computers, layer by layer, and executed for management of any abnormalities. In addition, the Company also established a professional and independent internal audit structure. The structure is divided into three levels. The first level is carried out by the Auditing Office attached to the Company's Board of Directors, they formulate the relevant audit plans and audit the implementation of the plan to reduce the unethical behaviors, and the second level is routine and project-based independent auditing carried out by the general management office for routines and projects. Moreover, since internal auditing is the duty of all employees, the third level of auditing requires all departments to conduct voluntary operation inspections (on a monthly, quarterly, semi-annual, or annual basis depends on the projects) to extend the concept internal control to all levels of the Company.</p>	In compliance with Article 20 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
(5) Does the Company regularly organize internal and external training for ethical corporate management?	V		<p>(5) Through regular corporate publications as well as various occasions, the Company promotes the corporate culture of "Diligence, Perseverance, Frugality and Trustworthiness," as well as cultivating work ethics based on integrity, fairness and transparency, self-discipline, and a sense of responsibility. All new recruits receive corporate culture training. In addition, training courses about regulations, anti-fraud, and anti-corruption are held every year to strengthen the employees' commitment to complying with management rules based on good faith. In 2023, the Company held relevant ethical corporate management courses for new recruits, employees' and managers including prevention of social engineering phishing emails, Python and artificial intelligence, practical web technologies, information security management, explanation of revision of ISO 9001 management system, anti-corruption measures, internal audits, prevention of insider trading, various abnormal cost verification operations, expense allocation of sales, management and materials, and strengthening corporate governance, etc. with a total of 34,529 person-times and 56,182 training hours.</p>	In compliance with Article 22-2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
3. Status for enforcing whistle-blowing				

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Summary	
<p>systems in the Company</p> <p>(1) Has the Company established concrete whistle-blowing and reward systems as well as accessible whistle-blowing channels? Does the Company assign a suitable and dedicated individual for the case being exposed by the whistle-blower?</p> <p>(2) Has the Company established standard operating procedures (SOP) for whistle-blowing cases, follow-up measures and relevant systems of confidentiality after the investigation?</p> <p>(3) Has the Company adopted protection measures against inappropriate disciplinary actions for the whistle-blower?</p>	V		<p>The Company has set up "Employee Grievance Procedure" and "Internal and External Reporting Procedure of Unlawful and Unethical Behaviors" to provide a specific reporting and reward system:</p> <p>(1) Providing multiple reporting channels such as mailboxes, e-mail, and fax lines. Visible notices are placed around the main entrances to be used by informants.</p> <p>(2) After a case is filed, the relevant team members of the general management office of the whole enterprise shall be responsible for the procedures of case review, filing, and follow-up investigation.</p> <p>(3) The principle of confidentiality: During and after an investigation, it is strictly forbidden to disclose any information to unrelated parties. Supervisors at all levels must also keep information confidential. All relevant information must be processed and archived according to the confidential document procedures to ensure the informant does not experience any unjust punishment.</p> <p>(4) If it is found that there are violations of the regulations, the one would be punished in accordance with the Company's Personnel Management Rules, it may need to notify the judicial and prosecutorial authorities if necessary.</p> <p>In order to understand the valuable opinions from our customers, the Company has also established a customer complaints channel, return and compensation application procedures, so that customers can express their opinions through the "Customer Feedback Form". The Company's website also provides e-mail address and service line for each product. Customers can directly respond their opinions through multiple channels. Moreover, related departments regularly summarize and analyze the issues which our customers concern, and prioritize them according to their importance and timeliness to ensure that customer needs are handled.</p>	In compliance with Article 23 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
<p>4. Improvement of information disclosure</p> <p>Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?</p>	V		Information on integrity management and ethical behavior has been disclosed on the Company's website in both Chinese and English versions.	In compliance with Article 25 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."
<p>5. Where the Company has established its own best practices on ethical corporate management according to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe any gaps between the described best practices and actual implementation taken by the Company:</p> <p>On November 12th, 2014, the Company passed the resolution of the "Corporate Integrity Code of Practice", which was amended by the resolution of the Board of Directors on</p>				

Evaluation Item	Implementation Status (Note 1)		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	
June 23th, 2016 and regularly reviews relevant regulations every year. The code was slightly revised according to the Company's practice, but in line with spirit of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."			
6. Other information helpful for understanding the principle of integrity of the Company's operations (e.g., the Company's amendment of its integrity code of practice): To improve the effectiveness of governance and put integrity management into practice, the Company schedules corporate governance courses for directors and managers timely and emphasizes the importance of integrity.			

Note 1: Provide a brief description in the summary column, regardless whether "yes" or "no" is selected.

3.4.8 NPC's Corporate Governance Guidelines and Regulations:

The Company has disclosed Corporate Governance Guidelines on its website under the "Corporate Governance" section of "Investor".

3.4.9 Other Important Corporate Governance Information

3.4.9.1 In line with the requirements of Financial Supervisory Commission R.O.C. (Taiwan), the Company set up an Audit Committee and the "Code of Ethical Conduct for Directors and Managers" is as follow:

NAN YA PLASTICS CORPORATION

Code of Ethical Conduct for Directors and Managers

Amended by Board of Directors on June 23, 2016

Chapter 1 General Provisions

Article 1: The Code of Ethical Conduct (the "Code") of Nan Ya Plastics Corporation (the "Company") is established to stipulate rules for Directors and managers (including President, Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Chief Financial Officer, Chief Accounting Officer, and other persons authorized to manage affairs and sign documents on behalf of the Company) to abide by in terms of ethical conduct when engaging in business activities within the scope of their authority, to prevent unethical conduct or any conduct that may damage the interest of the Company and its shareholders.

Chapter 2 Content of the Code

Article 2: Directors and managers shall conduct corporate affairs on the basis of integrity, faithfulness, compliance with laws, fairness and righteousness and with an ethical, self-disciplined attitude.

Article 3: Directors and managers shall avoid any conflicts of interest arising when their personal interest intervenes, or is likely to intervene in the overall interest of the Company, including but not limited to unable to perform their duties in an objective and efficient manner, or taking advantage of their position in the Company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship. To prevent conflicts of interest, any matters pertaining to lending funds, providing guarantees, and major asset transactions between the Company and the above-mentioned persons or their affiliated enterprise thereof shall be submitted to the Board of Directors for its approval in advance. The corresponding purchase (or sale) of goods shall be dealt with the best interest of the Company.

Article 4: When the Company has an opportunity for profit, the Directors and managers have the responsibility to conserve the reasonable and lawful benefits that can be obtained by the Company.

The Directors and managers shall not obtain personal gain by using the Company property or information or taking advantage of their positions. Unless otherwise stipulated in the Company Act or Articles of Incorporation, they shall not engage in activities that compete with the business of the Company.

Article 5: The Directors and managers shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the suppliers and customers.

Article 6: The Directors and managers shall treat all suppliers and customers, competitors, and

employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

Article 7: The Directors and managers shall have the responsibility to safeguard the Company's assets, to use the assets for official business purpose properly, and to avoid any impact on the Company's profitability resulting from theft, negligence in care or waste of the assets.

Article 8: The Directors and managers shall comply with applicable laws and the Company's regulations.

Article 9: When a director or manager is found by employee to have committed a violation of a law, regulation or the Code, the employee shall report to the Audit Committee, their direct managers, president office personnel, chief internal auditor, or other appropriate personnel with sufficient evidence. Once the misconduct is confirmed, the Company will reward the above-mentioned employee in accordance with the Company's rules for employment management.

The Company shall handle the above-mentioned report properly and confidentially. The Company also shall use its best efforts to ensure the safety of the conscientious reporter and protect him/her from all kinds of reprisals.

Article 10: Where a director or manager is verified to have violated the Code, in addition to being subject to punishment under the Company's rules for employment management, the Company shall report the violation to the Board of Directors. The person involved in the violation shall be liable for civil, criminal or administrative responsibilities required by law and the Company shall disclose the violation on the Market Observation Post System ("MOPS") immediately, including: the date of the violation, description of the violation, the provisions of the Code violated, and the disciplinary actions taken.

Chapter 3 Procedures for Exemption

Article 11: Where a Director or manager is to be exempted from the Code due to special circumstances, such exemption shall be approved by an majority vote at a meeting of the Board of Directors attended by over two-third of the Directors in person or through representation. The Company shall immediately disclose on the MOPS, including: date of exemption granted by the Board of Directors, any opposing or qualified opinion expressed by the independent directors, and the period of, reasons for, and the provisions of the Code behind the application of the exemption for shareholders to evaluate the appropriateness and to safeguard the interests of the Company.

Chapter 4 Method of information disclosure

Article 12: The Company shall disclose the Code on the Company's website, annual reports, prospectuses, and the MOPS. Any amendment is subject to the same procedure.

Chapter 5 Additional Provision

Article 13: The Code shall be implemented after approval by the Board of Directors and shall be reported to the shareholders meeting. Any amendment is subject to the same procedure.

3.4.9.2 Managers and financial officer of the Company attend continuing education and training relevant to corporate governance every year, and all equip professional knowledge, their training status is as follow:

Title	Name	Date	Organizer	Program	Hours
President	Ming-Jen Tzou	2023.09.23	Securities and Futures Institute	Global Economic Outlook and Industry Trends for 2024	3
Executive Vice President	Chung-Yueh Shih				
Senior Vice President	Fong-Chin Lin				
Senior Vice President	Kuei-Yung Wang				
Senior Vice President	Cheng-Chung Lee	2023.09.23	Securities and Futures Institute	Carbon Emissions Trading Mechanism and Carbon Management Applications	3
Vice President	Fu-Jung Peng				
Corporate Governance Officer	Wen-Pin Cheng				
Financial Officer	Li-Ta Pai				
Accounting Officer	Chih-Yun Su				

3.4.9.3 Certification of Employees Whose Jobs are Related to the Release of the Company's Financial Information

1. Accounting Department: 6 Certified Public Accountants, 4 Certified Public Bookkeepers, 4 US Certified Public Accountants, 2 Chartered Financial Analysts, 1 Certified Securities Investment Analysts, 1 Certified Internal Auditor, 1 Certification of U.S. Futures, 1 Certification of U.S. Securities.
2. Financial Department: None.
3. Internal Auditing Department: 1 Certified Public Accountant.

3.4.9.4 Major internal information processing within the Company

1. "Diligence, Perseverance, Frugality and Trustworthiness" is the core enterprise spirit. The Company therefore set up a strict ethical policy hoping employees to obey every behavioral standard and principle of moral and take full responsibility either for working or daily routine. Thus, employees disclose confidential information, tell a lie, indulge in malpractices, or spread rumors is strictly prohibited.
2. The Company has established the "Operating Procedures for Handling Material Inside Information" to specify the scope of material inside information, to require the Directors, managers and employees to keep the inside material information confidential, and to establish the confidentiality mechanism for material inside information and the provision of penalties for non-compliance. Internal evaluation and approval shall be obtained before public disclosure of material information and the Company's spokesperson or acting spokesperson shall speak on behalf of the Company in principle. In addition, the internal material information processing procedures are incorporated into the internal control and internal audit system, and training is provided on a timely basis.
3. The Company has set up and clearly stated the "Personnel Management Rules." Without written permission issued by the Company, employees should not release any inside information or information has not been announced. Besides, the use of inside information for personal or business unrelated purposes are also strictly forbidden.
4. The Company has set up "Spokesperson Procedure" for information announcement and the procedures for critical factory events. Besides the Company's spokesperson, none of the staff can reveal corporate policies or business related information in order to prevent insider trading.

3.4.10 Implementation Status of the Internal Control System

3.4.10.1 Internal Control System Statement

NAN YA PLASTICS CORPORATION

Internal Control System Statement

Date: 2024.03.12

The Company states the following with regard to its internal control system in 2023, based on the findings of a self-assessment:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. Control environment 2. Risk assessment 3. Control activities 4. Information and communications 5. Monitoring activities. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that on 2023.12.31 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for understanding of the degree of achievement of operational effectiveness and efficiency objectives, reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance of reporting, and compliance with applicable laws, regulations, and bylaws, was effectively designed and operating, and reasonably assured the achievement of the above-stated objectives.
6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement has been passed by the Board of Directors' Meeting of the Company held on March 12, 2024, where 0 of the 14 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

NAN YA PLASTICS CORPORATION

Chairman: Chia-Chau Wu

President: Ming-Jen Tzou

3.4.10.2 If CPA was engaged to conduct a special audit of internal control system, provide its audit report: None.

3.4.11 If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the prospectus publication date, where the result of such penalty could have a material effect on shareholder equity or securities prices, the prospectus shall disclose the penalty, the main shortcomings, and the condition of improvement: None.

3.4.12 Major Resolutions of Shareholders' Meetings and Board Meetings:

3.4.12.1 2023.05.31 Shareholders' meeting

Directors attending the shareholders' meeting: Chia-Chau Wu, Ming-Jen Tzou, Shen-Yi Lee, Zo-Chun Jen (representative of Formosa Plastics Corp.), Kuei-Yung Wang, Fong-Chin Lin, Cheng-Chung Lee, Chung-Yueh Shih (representative of Formosa Chemicals & Fibre Corp.) (the above are directors), Chih-Kang Wang (convener of Audit Committee), Yi-Fu Lin, Yun-Peng Chu (the above are independent directors). A total of 11 people which are more than half of the total number of directors.

(1) 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)

Resolution: Total voting rights represented by the attending shareholders are 5,970,049,276 votes for this proposal. Voting results show adoption of 5,556,588,756 votes (of which votes through electronic means account for 4,949,182,606), representing 93.1% of the total voting rights. Dissent voting rights are 3,645,006 votes (of which votes through electronic means account for 3,645,006 votes), and invalid voting rights are 0 votes. Forfeit and rights not exercised are 409,815,514 votes (of which votes through electronic means account for 409,087,796 votes). The Company ratified the proposal as the approval votes exceed the prescribed amount.

Implementation: Recognized by the shareholders meeting.

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)

Resolution: Total voting rights represented by the attending shareholders are 5,970,049,276 votes for this proposal. Voting results show adoption of 5,567,080,009 votes (of which votes through electronic means account for 4,959,673,859), representing 93.3% of the total voting rights. Dissent voting rights are 431,586 votes (of which votes through electronic means account for 431,586 votes), and invalid voting rights are 0 votes. Forfeit and rights not exercised are 402,537,681 votes (of which votes through electronic means account for 401,809,963 votes). The Company ratified the proposal as the approval votes exceed the prescribed amount.

Implementation: Board of Directors resolved to distribute cash dividend of NT\$3 per share on Mar. 8, 2023 and submitted to Shareholders' Meeting for report. The Statement of Profits Distribution has been ratified by Shareholders' Meeting. On May 31, 2023, the Board of Directors set July 5, 2023 as the record date for cash dividends distribution and will distribute from July 28.

(2)Extempore Motion: None.

3.4.12.2 2023.3.8 1st Board of Directors' Meeting of 2023

Proposal 1

Proposal: To formulate 2022 employees' compensation, please discuss and resolve.

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal and will submit to the Shareholder's Meeting for report.

Proposal 2

Proposal: To compile 2022 Business Report and Financial Statements and the 2023 operating plan, please discuss and resolve.

(The secretariat reported that the annex of the proposal has been submitted to Audit Committee for approval. 2022 annual operating status and 2023 operating plan were reported by the officer of President Office.)

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal.

Proposal 3

Proposal: To compile 2022 profit distribution schedule, please discuss and resolve.

Opinions of independent directors and the implementation: None.

Resolution:

I. All attending directors approved the distribution of a total cash dividend of NT\$23,792,464,767, at NT\$3 per share, and submitted to 2023 Shareholders' Meeting for report.

II. All attending directors approved to submit the profit distribution schedule to 2023 Shareholders' Meeting for ratification.

Proposal 4

Proposal: To convene 2023 Shareholders' Meeting on May 31, 2023, please discuss and resolve.

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal.

Proposal 5

Proposal: To compile plan of lending funds for the second quarter of 2023, please discuss and resolve.

(Proposed by the Audit Committee)

(The Chairman, attending Managing Director Wen-Yuan Wong, Wen-Chiao Wang and Ruey-Yu Wang, Director Zo Chun, Jen, Kuei-Yung Wang and Chung-Yueh Shih should enter recusal, for they respectively serve as the borrowing Company's Chairman, Managing Director, Director, representative of the juristic person, or as Managing Director's relative within the second degree of kinship. Managing Director Chih-Kang Wang was appointed by the Chairman as temporary chair of the meeting.)

Opinions of independent directors and the implementation: Managing Director Chih-Kang Wang inquired about whether the terms for the loan comply with

market conditions and received an explanation and response from the Financial Officer.

Resolution: All directors in attendance except for above-mentioned Directors who had to enter recusal from voting due to conflict of interest approved the proposal.

Proposal 6

Proposal: To donate “Kaohsiung Cultural Foundation of Brothers Wang Yung-Ching and Wang Yung-Tsai Park” NTD 90,382,426, please discuss and resolve.

(Proposed by the Audit Committee)

(The Chairman supplemented the reason for the donation.)

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal.

Proposal 7

Proposal: To formulate the Company’s Internal Control System Statement, please discuss and resolve.

(Proposed by the Audit Committee)

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal.

Proposal 8

Proposal: To formulate the pre-approval policy of non-assurance services provided by CPA, please discuss and resolve.

(Proposed by the Audit Committee)

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal.

Proposal 9

Proposal: To replace the CPA of financial report, please discuss and resolve.

(Proposed by the Audit Committee)

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal.

Proposal 10

Proposal: To promote managerial position of the Company, please discuss and resolve.

(Attending Director Chung-Yueh Shih should enter recusal, as he was the involved party.)

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance except for Director Chung-Yueh Shih who had to enter recusal from voting due to conflict of interest approved the proposal.

3.4.12.3 2023.5.9 2nd Board of Directors’ Meeting of 2023

Proposal 1

Proposal: To formulate 2023 Q1 financial statements of the Company, please discuss and resolve.

(Proposed by the Audit Committee)

(The officer of President Office reported the business performance of 2023 Q1.)

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal.

Proposal 2

Proposal: To compile plan of lending funds for the third quarter of 2023, please discuss and resolve.

(Proposed by the Audit Committee)

(The Chairman, attending Managing Director Wen-Yuan Wong, Wen-Chiao Wang and Ruey-Yu Wang, Director Zo Chun, Jen, Kuei-Yung Wang and Chung-Yueh Shih should enter recusal, for they respectively serve as the borrowing Company's Chairman, Managing Director, Director, representative of the juristic person, or as Managing Director's relative within the second degree of kinship. Managing Director Chih-Kang Wang was appointed by the Chairman as temporary chair of the meeting.)

Opinions of independent directors and the implementation: Managing Director Chih-Kang Wang inquired about whether the terms for the loan comply with market conditions and received an explanation and response from the Financial Officer.

Resolution: All directors in attendance except for above-mentioned Directors who had to enter recusal from voting due to conflict of interest approved the proposal.

Proposal 3

Proposal: Transaction with related party, please discuss and resolve.

(Proposed by the Audit Committee)

(The Chairman, attending Managing Director Wen-Yuan Wong, Wen-Chiao Wang and Ruey-Yu Wang, Director Ming-Jen Tzou, Zo Chun, Jen and Kuei-Yung Wang should enter recusal, for they serve as the related Company's Chairman, Managing Director, Director, representative of the juristic person or as Managing Director's relative within the second degree of kinship. Managing Director Chih-Kang Wang was appointed by the Chairman as temporary chair of the meeting.)

Opinions of independent directors and the implementation: Managing Director Chih-Kang Wang designated attending officers to supplement the relevant information of related party transaction and received an explanation and response from the Internal Audit Officer.

Resolution: All directors in attendance except for above-mentioned Directors who had to enter recusal from voting due to conflict of interest approved the proposal.

Proposal 4

Proposal: To issue a letter of support for the Company's investment business "Formosa Ha Tinh (Cayman) Ltd." to negotiate credit lines with financial institutions.", please discuss and resolve.

(Proposed by the Audit Committee)

(The Chairman, attending Managing Director Wen-Yuan Wong and Wen-Chiao Wang should enter recusal, for they serve as directors of Formosa Ha Tinh (Cayman) Ltd. Managing Director Chih-Kang Wang was appointed by the Chairman as temporary chair of the meeting.)

Opinions of independent directors and the implementation: Managing Director Chih-Kang Wang designated attending officers to supplement the content of support letter and whether there was any different from the past and received an explanation and response from the Financial Officer.

Resolution: All directors in attendance except for above-mentioned Directors who had to enter recusal from voting due to conflict of interest approved the proposal.

Proposal 5

Proposal: To issue a letter of support for the Company's investment business "Formosa Steel IB Pty Ltd." to negotiate credit lines with financial institutions, please discuss and resolve.

(Proposed by the Audit Committee)

(Attending Managing Director Wen-Yuan Wong and Wen-Chiao Wang, Independent Director Yi-Fu Lin should enter recusal, for they serve as the Chairman or Director of Formosa Resources Corp. and FSIB respectively or Independent Director of Taishin Financial Holding Co., Ltd.)

(The Chairman supplemented the reason for issuing the letter of support and its content.)

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance except for above-mentioned Directors who had to enter recusal from voting due to conflict of interest approved the proposal.

Proposal 7

Proposal: To amend the "Internal Control Systems" and "Internal Audit Implement Rules", please discuss and resolve.

(Proposed by the Audit Committee)

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal.

3.4.12.4 2023.5.31 3rd Board of Directors' Meeting of 2023

Proposal 1

Proposal: To approve the record day and distribution day for cash dividends of 2022, please discuss and resolve.

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal.

Proposal 2

Proposal: To negotiate a credit line with financial institutions, please discuss and resolve.

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal.

Proposal 3

Proposal: To update the credit line with various financial institution for the operational needs of the Company, please discuss and resolve.

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal.

3.4.12.5 2023.8.8 4th Board of Directors' Meeting of 2023

Proposal 1

Proposal: To formulate 2023 Q2 financial statements of the Company, please discuss and resolve.

(Proposed by the Audit Committee)

(The officer of the President Office reported the operating status of 2023 1H)

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal.

Proposal 2

Proposal: To compile plan of lending funds for the fourth quarter of 2023, please discuss and resolve.

(Proposed by the Audit Committee)

(The Chairman, attending Managing Directors, Wen-Yuan Wong, Wen-Chiao Wang, Ruey-Yu Wang, and attending Directors, Zo-Chun Jen, Kuei-Yung Wang and Chung-Yueh Shih should enter recusal, for they serve as the borrowing Company's Chairman, Managing Director, Director, representative of the juristic person or as Managing Director's relative within the second degree of kinship. Managing Director Chih-Kang Wang was appointed by the Chairman as temporary chair of the meeting.)

Opinions of independent directors and the implementation: Managing Director Chih-Kang Wang inquired about whether the terms for the loan comply with market conditions and received an explanation and response from the Financial Officer.

Resolution: All directors in attendance except for above-mentioned Directors who had to enter recusal from voting due to conflict of interest approved the proposal.

Proposal 3

Proposal: Transaction with related party, please discuss and resolve, please discuss and resolve.

(Proposed by the Audit Committee)

(The Chairman, attending Managing Directors, Wen-Yuan Wong, Wen-Chiao Wang, and Ruey-Yu Wang, and attending Directors, Ming-Jen Tzou, Zo-Chun Jen and Kuei-Yung Wang should enter recusal, for they serve as the related Company's Chairman, Managing Director, Director, representative of the juristic person or as Managing Director's relative within the second degree of kinship. Managing Director Chih-Kang Wang was appointed by the Chairman as temporary chair of the meeting.)

Opinions of independent directors and the implementation: Managing Director Chih-Kang Wang designated attending officers to supplement the relevant information of related party transaction and received an explanation and response from the Internal Audit Officer.

Resolution: All directors in attendance except for above-mentioned Directors who had to enter recusal from voting due to conflict of interest approved the proposal.

Proposal 4

Proposal: To increase investment in "Formosa Resources Corp." by USD 25 million, please discuss and resolve.

(Proposed by the Audit Committee)

(The attending Managing Directors Wen-Yuan Wong and Wen-Chiao Wang should enter recusal, for they serve as Chairman or Director of Formosa Resources Corp.)

(The Chairman supplemented the reason and purpose of capital increased.)

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance except for above-mentioned Directors who had to enter recusal from voting due to conflict of interest approved the proposal.

Proposal 5

Proposal: To adjust the 2023 salary of managers according to that of all employees, please discuss and resolve.

(Proposed by the Remuneration Committee)
(The attending Directors, Ming-Jen Tzou, Zo-Chun Jen, Kuei-Yung Wang, Fong-Chin Lin, Cheng-Chung Lee and Chung-Yueh Shih should enter recusal, for they were the involved parties.)

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance except for above-mentioned Directors who had to enter recusal from voting due to conflict of interest approved the proposal.

3.4.11.6 2023.11.10 5th Board of Directors' Meeting of 2023

Proposal 1

Proposal: To formulate 2023 Q3 financial statements of the Company, please discuss and resolve.

(Proposed by the Audit Committee)
(The officer of the President Office reported the operating status of first three Quarters of 2023)

Opinions of independent directors and the implementation: Managing Director Chih-Kang Wang inquired the operational performance in the first three quarters and the third quarter of 2023 compared to the same period in 2022 and received the supplementation from the Chairman.

Resolution: All directors in attendance approved the proposal.

Proposal 2

Proposal: To compile plan of lending funds for the first quarter of 2024, please discuss and resolve.

(Proposed by the Audit Committee)
(The Chairman, attending Managing Directors, Wen-Yuan Wong, Ruey-Yu Wang, and attending Directors, Ming-Jen Tzou, Zo-Chun Jen, Kuei-Yung Wang, Fong-Chin Lin and Chung-Yueh Shih should enter recusal, for they serve as the borrowing Company's Chairman, Managing Director, Director, representative of the juristic person or as Managing Director's relative within the second degree of kinship. Managing Director Chih-Kang Wang was appointed by the Chairman as temporary chair of the meeting.)

Opinions of independent directors and the implementation: Managing Director Chih-Kang Wang inquired about whether the terms for the loan comply with market conditions and received an explanation and response from the Financial Officer.

Resolution: All directors in attendance except for above-mentioned Directors who had to enter recusal from voting due to conflict of interest approved the proposal.

Proposal 3

Proposal: To increase investment in "Formosa Plastics Construction Corp." by NTD 0.5 billion, please discuss and resolve.

(Proposed by the Audit Committee)
(The Chairman supplemented the reason and purpose of capital increased.)

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal.

Proposal 4

Proposal: To dispose 100% shareholdings of "Nan Ya Plastics (Guangzhou) Co., Ltd.", an indirect investment in China, please discuss and resolve.

(Proposed by the Audit Committee)

(The Chairman supplemented the reason for the disposal.)
Opinions of independent directors and the implementation: None.
Resolution: All directors in attendance approved the proposal.

Proposal 5

Proposal: To promote the position of the Company's manager and rehire subsidiary's manager, please discuss and resolve.
Opinions of independent directors and the implementation: None.
Resolution: All directors in attendance approved the proposal.

Proposal 6

Proposal: To relocate the Taipei branch office of the Company, please discuss and resolve.
Opinions of independent directors and the implementation: None.
Resolution: All directors in attendance approved the proposal.

3.4.11.7 2023.12.13 6th Board of Directors' Meeting of 2023

Proposal 1

Proposal: To formulate 2024 annual audit plans, please discuss and resolve.
Opinions of independent directors and the implementation: None.
Resolution: All directors in attendance approved the proposal.

Proposal 2

Proposal: To issue a letter of support for the Company's investment business "Formosa Steel IB Pty Ltd." to negotiate credit lines with financial institutions, please discuss and resolve.

(Proposed by the Audit Committee)

(Attending Managing Director Wen-Yuan Wong should enter recusal, for he served as the Chairman of Formosa Resources Corp.)

Opinions of independent directors and the implementation: None.
Resolution: All directors in attendance except for above-mentioned Director who had to enter recusal from voting due to conflict of interest approved the proposal.

Proposal 3

Proposal: To promote the position of the Company's manager, please discuss and resolve.
Opinions of independent directors and the implementation: None.
Resolution: All directors in attendance approved the proposal.

Proposal 4

Proposal: To raise long-term funds for investment of domestic or overseas business, new expansion, replacement of old plant equipment, repayment of debts and enrichment of working capital, the Company planned to issue domestic unsecured corporate bond for NT\$15 billion in 2024, please discuss and resolve.
Opinions of independent directors and the implementation: None.
Resolution: All directors in attendance approved the proposal.

Proposal 5

Proposal: To update the credit line with various financial institution for the operational needs of the Company, please discuss and resolve.

Opinions of independent directors and the implementation: None.
Resolution: All directors in attendance approved the proposal.

3.4.11.8 2024.03.12 1st Board of Directors' Meeting of 2024

Proposal 1

Proposal: To formulate 2023 employees' compensation, please discuss and resolve.

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal and will submit to the 2024 shareholders' meeting for report.

Proposal 2

Proposal: To compile 2023 Business Report and Financial Statements and the 2024 business goal, please discuss and resolve.

(The secretariat reported that the annex of the proposal has been submitted to Audit Committee for approval. 2023 annual operating status and 2024 operating plan were reported by the officer of President Office.)

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal.

Proposal 3

Proposal: To compile 2023 profit distribution schedule, please discuss and resolve.

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal.

Proposal 4

Proposal: Preparation for 2024 shareholders' meeting on Jun. 19, 2024, please discuss and resolve.

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal.

Proposal 5

Proposal: To amend Articles of Incorporation of the Company, please discuss and resolve.

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal.

Resolution: All directors in attendance approved and submitted to 2024 Shareholders' Meeting for resolution.

Proposal 6

Proposal: To compile plan of lending funds for the second quarter of 2024, please discuss and resolve.

(Proposed by the Audit Committee)

(The Chairman, attending Managing Directors, Wen-Yuan Wong, Ruey-Yu Wang, and attending Directors, Zo-Chun Jen, Kuei-Yung Wang and Chung-Yueh Shih should enter recusal, for they serve as the borrowing Company's Managing Director, Director, representative of the juristic person or as Managing Director's relative within the second degree of kinship. Managing Director Chih-Kang Wang was appointed by the Chairman as temporary chair of the meeting.)

Opinions of independent directors and the implementation: Managing Director Chih-Kang Wang suggested explaining whether the terms of lending fund are in line with market conditions. The company will include relevant content in the agenda for future reference.

Resolution: All directors in attendance except for above-mentioned Directors who had to enter recusal from voting due to conflict of interest approved the proposal.

Proposal 7

Proposal: Transaction with related party, please discuss and resolve, please discuss and resolve.

(Proposed by the Audit Committee)

(The Chairman, attending Managing Directors, Wen-Yuan Wong, Ruey-Yu Wang, and attending Directors, Ming-Jen Tzou, Zo-Chun Jen and Kuei-Yung Wang should enter recusal, for they serve as the related Company's Chairman, Managing Director, Director, representative of the juristic person or as Managing Director's relative within the second degree of kinship. Managing Director Chih-Kang Wang was appointed by the Chairman as temporary chair of the meeting.)

Opinions of independent directors and the implementation: Managing Director Chih-Kang Wang suggested explaining whether the terms of related party transaction are in line with market conditions. The company will include relevant content in the agenda for future reference.

Resolution: All directors in attendance except for above-mentioned Directors who had to enter recusal from voting due to conflict of interest approved the proposal.

Proposal 8

Proposal: To donate NT\$ 4,420,500 to "Kaohsiung Cultural Foundation of Brothers Wang Yung-Ching and Wang Yung-Tsai Park", please discuss and resolve.

(Proposed by the Audit Committee)

(The Chairman should enter recusal, for he served as Director of the Foundation. Managing Director Chih-Kang Wang was appointed by the Chairman as temporary chair of the meeting.)

Opinions of independent directors and the implementation: Managing Director Chih-Kang Wang inquired whether the donation qualified as a charitable donation and complied with tax exemption regulations and received an explanation and response from the attending Officer.

Resolution: All directors in attendance except for above-mentioned Director who had to enter recusal from voting due to conflict of interest approved the proposal.

Proposal 9

Proposal: To formulate the Company's Internal Control System Statement, please discuss and resolve.

(Proposed by the Audit Committee)

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal.

Proposal 10

Proposal: To rehire Corporate Governance Officer, please discuss and resolve.

(The attending officer Li-Ta Pai should enter recusal for he was the involved party.)

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal.

Proposal 11

Proposal: To promote and reassign the position of the Company's manager, please discuss and resolve.

Opinions of independent directors and the implementation: None.

Resolution: All directors in attendance approved the proposal.

3.4.12 Major Issues of Record or Written Statements Made by Any Directors or Supervisors which Specified his/her Dissent to Important Resolutions Passed by the Board of Directors as of the Publication Date of the Annual Report: None.

3.4.13 Resignation or Dismissal of Chairman, President, and Accounting Officer, Financial Officer, Internal Audit Officer, Corporate Governance Officer and R&D Officer as of the Date of this Annual Report:

Title	Name	Date of Appointment	Date of Termination	Reason for resignation or dismissal
Corporate Governance Officer	Wen-Pin Cheng	2019.05.10	2024.04.01	Retirement

3.5 Information Regarding NPC's Audit Fees

1. Information of CPA's Audit Fee

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remark
KPMG	Hui-Chih, Kou Chun-Kuang, Chen	2023.01.01~2023.12.13	11,119	2,436	13,555	Note 2

Note 1: If the Company has changed CPA or Accounting Firm during the current fiscal year, the company shall report the information regarding the audit period covered by each CPA and the replacement reason and information on audit and non-audit public expenditure shall be disclosed. The non-audit public expenditure shall be listed separately by the service item.

Note2: Non-audit fee includes expenditure on transfer price report, master document, master file and direct deduction of business tax.

- If there is any change in the appointed independent auditors and the Company's annual auditing expenses decreased simultaneously, information regarding the amount, percentage and reasons for the decrease in auditing expenses shall be disclosed : N/A.
- Auditing expenses decreased by 10% in comparison to the previous year, information regarding the amount, percentage and reason for the decrease in auditing expenses shall be disclosed : N/A.

3.6 Replacement of CPA:

1. Regarding the former CPA

Replacement Date	Board of Directors resolved on Mar. 8, 2023		
Replacement reasons and explanations	To cooperate with internal job rotation of CPA Firm, the CPA Hui-Chih Kou and Chi-Lung, Yu was replaced by Hui-Chih, Kou and Chun-Kuang, Chen from 2023Q1.		
Describe whether the Company terminated or the CPA did not accept the appointment	Parties		
	Status	CPA	The Company
	Termination of appointment	NA	Na
	No longer accepted (continued) appointment	NA	NA
Other issues (except for unqualified issues) in the audit reports within the last two years	None.		
Differences with the company	Yes	-	Accounting principles or practices
		-	Disclosure of Financial Statements
		-	Audit scope or steps
		-	Others
	None	✓	
	Remarks/specify details:		
Other Revealed Matters	1. Where the former certified public accountant has advised the company that it lacked the sound internal controls necessary for the preparation of reliable financial reports: No.		
	2. Where the former certified public accountant has advised the company that he or she was unable to rely on the company's written representations, or was unwilling to be associated with the financial report prepared by the company: No.		
	3. Where the former certified public accountant has advised the company of the need to expand the scope of the audit, or of information showing that an expanded audit might impact the reliability of either a previously issued financial report or the financial report to be issued but, due to replacement of the certified public accountant or for any other reason, the former certified public accountant did not expand the scope of the audit: No.		
	4. Where the former certified public accountant has advised the company that information collected might impact the reliability of either a previously issued financial report or the financial report to be issued but, due to the replacement of the certified public accountant or for any other reason, the certified public accountant did not deal with the issue: No.		

2. Regarding the successor CPA

Name of accounting firm	KPMG	KPMG
Name of CPA	Hui-Chih, Kou Chi-Lung, Yu	Hui-Chih, Kou Chun-Kuang, Chen
Date of appointment	Board of Directors resolved on Mar. 11, 2022	Board of Directors resolved on Mar. 8, 2023
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None.	
Succeeding CPA's written opinion of disagreement toward the former CPA	None.	

3.7 The Company's Chairman, Executive Officer, Financial Officer, and Managers in Charge of its Finance and Accounting Operations did not Hold Any Positions in the Company's Independent Auditing Firm or its Affiliates within last year: None.

3.8 Change in Shareholdings and in Shares Pledged by Directors, Management, and Shareholders Holding more than 10% Share in the Company.

1. Changes in Shareholding of Directors, Managers and Major Shareholders

Title (Note1)	Name	2023		As of April 21, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Chia-Chau, Wu	0	0	0	0
Managing Director	Wen-Yuan, Wong	(807,622)	0	0	0
Managing Director	Formosa Petrochemical Corp.	0	0	0	0
	Representative: Wen-Chiao, Wang	0	0	0	0
Managing Director	Ruey-Yu, Wang	0	0	(230,000)	0
Managing Director (Independent Director)	Chih-Kang, Wang	0	0	0	0
Independent Director	Yi-Fu, Lin	0	0	0	0
Independent Director	Yun-Peng, Chu	0	0	0	0
Director and President	Ming-Jen, Tzou	0	0	0	0
Director	Shen-Yi, Lee	0	0	0	0
Director	Formosa Plastics Corp.	0	0	0	0
	Representative: Zo-Chun, Jen	0	0	0	0
Director and Senior Vice President	Kuei-Yung, Wang	(252,000)	1,200,000	(162,000)	0
Director and Senior Vice President	Fong-Chin, Lin	0	0	0	0
Director and Senior Vice President	Cheng-Chung, Lee (Note3)	0	0	0	0
Director and Acting Executive Vice President	Formosa Chemicals & Fibre Corp.	0	0	0	0
	Chung-Yueh, Shih	0	0	0	0
Director	Freedom Intimation Enterprise Company	0	0	0	0
	Representative: Ching-Cheng, Chang	0	0	0	0

Title (Note1)	Name	2023		As of April 21, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Senior Vice President	Yu-Sheng, Chen	0	0	0	0
Acting Senior Vice President	Yeou-Ming, Ko (Note4)	0	0	0	0
Acting Senior Vice President	Chang-Ming, Tsai (Note5)	0	0	0	0
Vice President	Shiou-Yeh, Sheng (Note6)	0	0	-	-
Vice President	Te-Chao, Liao (Note 7)	0	0	0	0
Vice President	Pao-Chang, Liu	0	0	0	0
Vice President	Chin-Yi, Ting (Note 7)	0	0	0	0
Vice President	Yu Lung, Huang	0	0	0	0
Vice President	Zhen-Rong, Chen	0	0	0	0
Vice President	Sheng-Hung, Hsueh (Note 7)	0	0	0	0
Acting Vice President	Chi-Hou, Ting (Note8)	0	0	0	0
Acting Vice President	Kuo-Chao, Chen (Note 9)	0	0	0	0
Actin Vice President	Jyh-Win, Chern (Note 10)	-	-	0	0
Vice President	Wen-Cheng, Yang	0	0	0	0
Vice President	Yung-Fang, Chang	0	0	0	0
Vice President	Fu-Jung, Peng	0	0	0	0
Acting Vice President	Hong-Chen Yen (Note 9)	0	0	0	0
Corporate Governance Officer	Wen-Pin, Cheng (Note 11)	0	0	-	-
Financial Officer and Corporate Governance Officer	Li-Ta, Pai (Note 11)	0	0	0	0
Accounting Officer	Chih-Yun, Su	0	0	0	0
shareholders holding more than 10% share	Chang Gung Medical Foundation	0	0	0	0

Note1: Shareholders holding more than 10% share in the Company shall be indicated as major shareholders and listed respectively.

Note2: Shares trading or pledging with related party shall fill out following information.

Note3: Director and Senior Vice President Cheng-Chung, Lee resigned from his position as Senior Vice President effective Sep. 1 2023.

Note4: Vice President Yeou-Ming, Ko was promoted as Acting Senior Vice President on Nov. 11 2023.

Note5: Vice President Chang-Ming, Tsai was promoted as Acting Senior Vice President on Dec. 12 2024 and started to sever as manager since Mar. 8 2023. The calculation of his shares transfer and pledge of shares applied from Mar. 8, 2023.

Note6: Vice President Shiou-Yeh, Sheng retired on Jan. 1 2024. The calculation of his shares transfer and pledge of shares applied until December 31, 2023.

Note7: Vice President Te-Chao, Liao, Chin-Yi, Ting and Sheng-Hung, Hsueh started to serve as manager since Mar. 8, 2023. The calculation of their shares transfer and pledge of shares applied from Mar. 8, 2023.

Note8: Acting Vice President Chi-Hou, Ting started to serve as manager since Dec. 13, 2023. The calculation of his shares transfer and pledge of shares applied from Dec. 13, 2023.

Note9: Acting Vice President Kuo-Chao, Chen and Hong-Chen Yen started to serve as manager since Nov. 11, 2023. The calculation of their shares transfer and pledge of shares applied Nov. 11, 2023.

Note10: Acting Vice President Jyh-Win, Chern started to serve as manager since Mar. 12, 2024. The calculation of his shares transfer and pledge of shares applied from Mar. 12, 2024.

Note11: Corporate Governance Officer Wen-Pin, Cheng retired on Apr. 1, 2024. The calculation of his shares transfer and pledge of shares applied until Mar. 31, 2024. The position of Corporate Governance Officer is now concurrently served by Li-Ta, Pai.

2. Information of shares trade or pledge: N/A.

3.9 Relationship among the Top Ten Shareholders

2024.04.21

Name (Note 1)	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note3)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Chang Gung Medical Foundation Rep. Diana Wang	876,733,453	11.05%	0	0	0	0	Chang Gung University	Chairman of Chang Gung University is one of Chang Gung Medical Foundation's director	
Formosa Plastics Corporation Rep. Chien-Nan Lin	783,356,866	9.88%	0	0	0	0	Formosa Chemicals & Fibre Corp.	Formosa Chemicals & Fibre Corp. is one of Formosa Plastics Corp.'s director	
							Chang Gung University	Chairman of Formosa Plastics Corp. is one of Chang Gung University's director	
							Formosa Petrochemical Corp.	Formosa Plastics Corp. invested Formosa Petrochemical Corp. under equity method	
Formosa Chemicals & Fibre Corporation Rep. Fu Yuan, Hong	413,327,750	5.21%	0	0	0	0	Formosa Petrochemical Corp.	Formosa Petrochemical Corp. is one of Formosa Plastics Corp.'s director	
							Formosa Plastics Corp.	Formosa Chemicals & Fibre Corp. is one of Formosa Plastics Corp.'s director	
							Chang Gung University	Chairman of Formosa Chemicals & Fibre Corp. is one of Chang Gung University's director	
Chang Gung University Rep. Wen Yuan Wong	317,469,186	4.00%	0	0	0	0	Formosa Petrochemical Corp.	Formosa Chemicals & Fibre Corp. invested Formosa Petrochemical Corp. under equity method	
							Formosa Petrochemical Corp.	Formosa Petrochemical Corp. is one of Formosa Chemicals & Fibre Corp.'s director	
							Chang Gung Medical Foundation	Chairman of Chang Gung University is one of Chang Gung Medical Foundation's director	
							Formosa Plastics Corp.	Chairman of Formosa Plastics Corp. is one of Chang Gung University's director	
Vanson International Investment Co., Ltd. Rep. Landmark Capital Holdings Inc.	189,777,620	2.39%	0	0	0	0	Chingdwell International Investment Corp.	With same management team	
							Citibank Taiwan Limited In Custody for Macro System Corp.	With same management team	
Formosa Petrochemical Corporation Rep. Bao Lang Chen	179,214,423	2.26%	0	0	0	0	Formosa Plastics Corp.	Formosa Plastics Corp. invested Formosa Petrochemical Corp. under equity method	
							Formosa Plastics Corp.	Formosa Plastics Corp. is one of Formosa Petrochemical Corp.'s director	
							Formosa Chemicals & Fibre Corp.	Formosa Chemicals & Fibre Corp. invested Formosa Petrochemical Corp. under equity method	
							Formosa Chemicals & Fibre Corp.	Formosa Chemicals & Fibre Corp. is one of Formosa Petrochemical Corp.'s director	
							Chang Gung University	Formosa Petrochemical Corp. is one of Chang Gung University's director	

Name (Note1)	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note3)			Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship		
Chingdwel International Investment Corp. Rep. Everred Corporate, Inc.	147,556,933	1.86%	0	0	0	0	Vanson International Investment Co., Ltd.	With same management team		
LGT Bank (Singapore) Ltd.	118,993,765	1.50%	0	0	0	0	Citibank Taiwan Limited In Custody for Macro System Corp.	With same management team		
Taishin International Bank Co., Ltd. In Custody for Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF.	115,986,000	1.46%	0	0	0	0	None			
Citibank Taiwan Limited In Custody for Macro System Corp.	114,698,138	1.45%	0	0	0	0	Vanson International Investment Co., Ltd.	With same management team		
							Chingdwel International Investment Corp.	With same management team		

Note1: Top ten shareholders shall be listed, and both the name of the institution and its representative shall be listed for an institutional shareholder.

Note2: Calculation of the ratio of shareholdings means calculate the shareholding ratio with own shareholdings, spouse's/minor's shareholding, shareholding by nominee arrangement

Note3: Shareholders above-mentioned includes institutional shareholder and natural person shareholder and their relationship shall be disclosed in line with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

3.10 The Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, the Company's Directors, Supervisors, Managers, and Any Companies Controlled either Directly or Indirectly by the Company:

2023.12.31

Unit: shares/ %

Affiliated Enterprises (Note1)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
NAN YA PLASTICS CORP., U.S.A.	2,400	100.00	0	0.00	2,400	100.00
NAN YA PLASTICS CORP., AMERICA	60,000	100.00	0	0.00	60,000	100.00
FG INC	2,000	10.00	17,400	87.00	19,400	97.00
FORMOSA GROUP(CAYMAN) LTD.	12,500	25.00	37,500	75.00	50,000	100.00
NAN YA PLASTICS (HONG KONG) CO., LTD.	1,015,653,077	100.00	0	0.00	1,015,653,077	100.00
SUPERIOR WORLD WIDE TRADING CO., LTD.	14,000	100.00	0	0.00	14,000	100.00
FORMOSA SYNTHETIC RUBBER (HONG KONG) CORP. LTD.	138,333,333	33.33	276,666,667	66.67	415,000,000	100.00
PFG FIBER GLASS (HONG KONG) CO., LTD.	75,500	100.00	0	0.00	75,500	100.00
FORMOSA INDUSTRIES CORP.	N/A (Note2)	42.50	N/A (Note2)	42.50	N/A (Note2)	85.00
FORMOSA PLASTICS GROUP INVESTMENT CORP.	10,000	100.00	0	0.00	10,000	100.00
NAN YA PCB CORP.	432,744,977	66.97	33,772	0.01	432,778,749	66.98
NANYA TECHNOLOGY CORP.	907,303,775	29.29	1,004,539,777	32.43	1,911,843,552	61.72
FORMOSA ENVIRONMENTAL TECHNOLOGY CORP.	46,256,575	26.99	125,143,425	73.01	171,400,000	100.00
FORMOSA PETROCHEMICAL CORP.	2,201,306,014	23.11	5,024,950,761	52.75	7,226,256,775	75.86
PFG FIBER GLASS CORP.	100,000,000	100.00	0	0.00	100,000,000	100.00
FORMOSA HEAVY INDUSTRIES CORP.	661,334,402	32.91	1,348,142,772	67.09	2,009,477,174	100.00
NAN CHUNG PETROCHEMICAL CORP.	100,000,000	50.00	0	0.00	100,000,000	50.00
WEN FUNG INDUSTRIAL CORP.	17,523,387	100.00	0	0.00	17,523,387	100.00
FORMOSA AUTOMOBILE CORP.	27,045,801	45.00	27,044,199	45.00	54,090,000	90.00
YA TAI DEVELOPMET CORP.	1,303,870	44.96	1,306,130	45.04	2,610,000	90.00
FORMOSA FAIRWAY CORP.	4,699,367	33.34	9,395,902	66.66	14,095,269	100.00
FORMOSA PLASTICS TRANSPORT CORP.	6,566,487	33.33	13,132,755	66.67	19,699,242	100.00
HWA YA SCIENCE PARK MANAGEMENT CONSULTING CO., LTD	34,000	34.00	66,000	66.00	100,000	100.00
YI JIH DEVELOPMET CORP.	1,221,360	29.22	2,958,640	70.78	4,180,000	100.00
MAI LIAO POWER CORP.	764,193,441	24.94	2,292,659,073	74.82	3,056,852,514	99.76
FORMOSA RESOURCES CORP.	909,907,125	25.00	2,729,721,375	75.00	3,639,628,500	100.00
FORMOSA PLASTICS CONSTRUCTION CORP.	110,000,000	33.33	220,000,000	66.67	330,000,000	100.00
NAN YA PHOTONICS INC.	10,609,314	23.02	10,521,162	22.83	21,130,476	45.85
FORMOSA SMART ENERGY TECH CORP.	175,000,000	25.00	490,000,000	70.00	665,000,000	95.00

Note1: Under the equality method.

Note2: Not issue shares.

Note3: “-” indicates the shareholding ratio is less than 0.01%.

IV. Capital and Shares

4.1 Capital and Shares

4.1.1 Source of Capital

Year / Month	Par Value (NT\$)	Authorized capital		Paid-in capital		Remark		
		Shares	Amount	Shares	Amount	Sources of capital	Capital increased by assets other than cash	Other
2013/08	10	7,930,821,589	79,308,215,890	7,930,821,589	79,308,215,890	Increase by earnings	None	Note

Note: In 2012, capital increased NT\$785,229,860 by earnings and was approved by the Financial Supervisory Commission under Jin-Guan-Zheng-Fa-Zi No.1020028386 dated July 19, 2013.

Unit: share

Share Type	Authorized capital		Remark
	Issued Shares	Un-issued Shares	
Common Stock (Registered)	7,930,821,589 (Note)	-	-

Note: Listed on TSE

4.1.2 Status of Shareholders

As of 2024.04.21

Quantity	Structure of Shareholders	Government Agencies	Financial Institutions	Other Juridical Person	Domestic Natural Person	Foreign Institutions & Natural Person	Total
Number of shareholders		4	66	912	254,189	886	256,057
Shareholding (shares)		77,757,978	573,622,540	3,156,650,019	1,844,146,084	2,278,644,968	7,930,821,589
Percentage (%)		0.98	7.24	39.80	23.25	28.73	100.00

Note: A primary exchange-listed (or OTC-listed) company and emerging company shall disclose the shareholding ratio of Mainland Chinese Investors. In accordance with Article 3 of the "Measures Governing Investment Permit to the People of Mainland Area", "Mainland Chinese Investors" herein means a juristic person, group, or other institution of the Mainland Area, or the companies invested in third countries.

4.1.3 Shareholding Distribution Status

As of 2024.04.21

Class of Shareholding (Unit: Share)	Number of shareholders	Ownership (shares)	Shareholding ratio (%)
1~999	89,144	20,661,333	0.26
1,000~5,000	116,592	253,448,191	3.20
5,001~10,000	23,972	175,776,771	2.22
10,001~15,000	9,031	110,386,184	1.39
15,001~20,000	4,583	81,964,792	1.03
20,001~30,000	4,605	113,267,138	1.43
30,001~40,000	2,151	75,008,380	0.95
40,001~50,000	1,269	57,287,277	0.72
50,001~100,000	2,426	168,420,797	2.12
100,001~200,000	1,122	153,373,810	1.93
200,001~400,000	505	142,037,143	1.79
400,001~600,000	180	88,745,634	1.12
600,001~800,000	82	56,154,792	0.71
800,001~1,000,000	56	50,452,400	0.64
1,000,001 or over	339	6,383,836,947	80.49
Total	256,057	7,930,821,589	100.00

4.1.4 List of Major Shareholders

List all shareholders with a stake of 5 percent or greater, or shareholders who rank in the top 10 in shareholding ratio.

As of 2024.04.21

Name of Major Shareholders	Shares	Ownership (shares)	Ownership Percentage
1. Chang Gung Medical Foundation		876,733,453	11.05
2. Formosa Plastics Corp.		783,356,866	9.88
3. Formosa Chemicals & Fibre Corp.		413,327,750	5.21
4. Chang Gung University		317,469,186	4.00
5. Vanson International Investment Co., Ltd.		189,777,620	2.39
6. Formosa Petrochemical Corp.		179,214,423	2.26
7. Chindwell International Investment Corp.		147,556,933	1.86
8. LGT Bank(Singapore) Ltd.		118,993,765	1.50
9. Taishin International Bank Co., Ltd. In Custody for Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF		115,986,000	1.46
10. Citibank Taiwan Limited In Custody for Macro System Corp.		114,698,138	1.45

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$

Item		Year	2023	2022	2024.3.31 (Note 8)
Market Value per share (Note 1)	Highest market price		81.20	94.00	66.90
	Lowest market price		61.10	60.10	53.10
	Average market price		71.58	77.72	58.08
Net Worth per Share (Note 2)	Before distribution		45.41	47.30	—
	After distribution		44.71	44.30	—
Earnings per share	Weighted average shares		7,930,821,589	7,930,821,589	—
	Earnings per share (Note 3)		0.80	4.05	—
Dividends per share	Cash dividends		0.70	3.00	—
	Stock Dividends	Stock dividends from retained earnings	—	—	—
		Stock dividends from capital surplus	—	—	—
	Accumulated undistributed dividends (Note 4)		—	—	—
Investment Return Analysis	Price / earnings ratio (Note 5)		89.75	19.23	—
	Price / dividend ratio (Note 6)		102.57	25.96	—
	Cash dividend yield rate (%) (Note 7)		0.97	3.85	—

● If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note1: Setting forth the highest and lowest market price per share of common stock for each fiscal year. And calculating each fiscal year's average market price based upon each fiscal year's actual transaction prices and volume.

Note2: Please fill in distributions decided in the shareholders' meeting of the following year according to the number of shares that were already issued for the specific year.

Note3: In case of retroactive adjustments due to bonus shares issued, earnings per share before and after the adjustment shall be listed.

Note4: For the equity shares issuance criteria, if there are requirements that dividends not distributed for a specific year can be carried over to the year with earnings, the dividends that have not been paid up to the said year with earnings shall be disclosed separately.

Note5: Price / earnings ratio = average market price / adjusted earnings per share

Note6: Price / dividend ratio = average market price / cash dividends per share

Note7: Cash dividend yield rate = cash dividends per share / average market price

Note8: For the net value per share and earnings per share, data for the most recent quarter, audited and certified or reviewed by a CPA shall be provided. For the other columns, data for the current fiscal year up to the date of publication of the annual report shall be provided.

Note9: The market price per share listed in the above table is based on the data released by the Taiwan Stock Exchange.

Note10: The dividends per share indicate the dividends this year that are distributed in the following year.

Note11: The after-distribution data of 2023 is an estimated figure that has not yet been approved by the shareholders' meeting.

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy of the Company's Articles of Incorporation

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.

The Company is in an industry that's in a mature phase and can expect a steady stream of profit. Dividends may be distributed in the form of cash dividend, capital increase by earnings, and capital increase by capital surplus. After deducting legal reserve and special reserve from the earnings available for the appropriation of the year, no less than 50% shall be allocated and cash dividend will be firstly distributed. The combined dividend distributed from capital increase by earnings and capital increase by capital surplus cannot exceed 50% of the year's total dividend.

B. Dividend Distribution Status

Cash dividend NT\$0.7 per share and stock dividend NT\$0 per share totaling NT\$0.7 per share.

C. Expect Material Change in Dividend Policy: None.

4.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent Shareholders' Meeting: Proposed stock dividends were not set at the most recent Shareholders' Meeting and the Company itself is not required to disclose financial forecast, so it is not applicable.

4.1.8 Compensation of Employees and Directors

A. The Company established an Audit Committee to replace Supervisors on June 23, 2016.

B. The percentages or ranges of employees, directors' compensation as stated in the Company's Articles of Incorporation:

(1) Employees' Compensation :

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.

(2) Directors' compensation : The Company's does not establish the percentages or ranges of directors' compensation in Articles of Incorporation.

(3) The employees' compensation policy of the Company follows the spirit of corporate governance which shall both stimulate the performance of employee while not diluting capital to protect existing shareholders. All the employees' compensation is distributed in the form of cash.

C. The accounting treatment of the discrepancy between the actual distributed amount and the estimated figure for the current period:

The accrual basis for employees and directors' compensation shall be based on relevant regulations, Articles of Incorporation, and past experiences. The difference, if any, between actual distribution and estimated amount will be included in the profit or loss in the following fiscal year based on relevant accounting principles.

D. Distribution of Compensation Approved by the Board of Directors:

The Board Meeting of March 12, 2024 approved:

(1) The amounts of employees' cash compensation are NT\$ 5,743,127; Stock compensation is NT\$0. The above amounts are in line with the estimated amount.

(2) Share amount of employees' stock compensation is 0, percentage of the share amount to that of all stock dividends are 0%.

E. The actual distribution of employee and director compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee or director compensation, additionally the discrepancy, cause, and how it is treated:

The Board Meeting of March 8, 2023 approved:

- (1) The actual amounts of employees' cash compensation are NT\$33,497,489, stock compensation is NT\$0, Directors' compensation is NT\$0.
- (2) Actual share amount of employees' stock compensation is NT\$0, percentage of the share amount to that of all stock dividends are 0%.
- (3) The actual amount of employee and director compensation are consistent with the amount approved by the Board of Directors.

4.1.9 Repurchase of Common Stock: None.

4.2 Corporate Bonds

Corporate Bond Type		2 nd domestic unsecured corporate bond for 2013
Issue date		2013.12.18
Denomination		NT\$1,000,000
Issuing and transaction location		Taiwan
Issue price		At full denomination
Total price		Tranche A: NT\$6,200,000,000 Tranche B: NT\$4,200,000,000
Coupon rate		Tranche A: 1.98% p.a. Tranche B: 2.08% p.a.
Tenor		Tranche A: (10 years) Maturity: 2023.12.18 Tranche B: (12 years) Maturity: 2025.12.18
Guarantee agency		None
Consignee		Trust Department of Mega International Commercial Bank
Underwriting institution		None
Certified lawyer		Jhih-Jhong, Lin
CPA		Chiu-Hwa, Wu, Peggy Chen
Repayment method		The Company will redeem 50% of the principal at one year before maturity and redeem the rest 50% at maturity for each tenor
Outstanding principal		NT\$4,200,000,000
Terms of redemption or advance repayment		None
Restrictive clause		None
Name of credit rating agency, rating date, rating of corporate bonds		Taiwan Ratings Date rated: November 05, 2013 Rating outcome: tw AA-
Additional rights	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None
Transfer agent		None

Corporate Bond Type		1 st domestic unsecured corporate bond for 2014
Issue date		2014.06.24
Denomination		NT\$1,000,000
Issuing and transaction location		Taiwan
Issue price		At full denomination
Total price		NT\$10,000,000,000
Coupon rate		2.04% p.a.
Tenor		15 years Maturity: 2029.06.24
Guarantee agency		None
Consignee		Trust Department of Mega International Commercial Bank
Underwriting institution		None
Certified lawyer		Jhih-Jhong, Lin
CPA		Chiu-Hwa, Wu, Peggy Chen
Repayment method		The Company will redeem the bond in 50% of the face value, respectively, at the end of the 14 th and 15 th year
Outstanding principal		NT\$10,000,000,000
Terms of redemption or advance repayment		None
Restrictive clause		None
Name of credit rating agency, rating date, rating of corporate bonds		Taiwan Ratings Date rated: March 27, 2014 Rating outcome: tw AA-
Additional rights	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None
Transfer agent		None

Corporate Bond Type		2 nd domestic unsecured corporate bond for 2014
Issue date		2014.11.11
Denomination		NT\$1,000,000
Issuing and transaction location		Taiwan
Issue price		At full denomination
Total price		Tranche A: NT\$3,500,000,000 Tranche B: NT\$1,500,000,000
Coupon rate		Tranche A: 1.45% p.a. Tranche B: 1.93% p.a.
Tenor		Tranche A: (5 years) Maturity: 2019.11.11 Tranche B: (10 years) Maturity: 2024.11.11
Guarantee agency		None
Consignee		Trust Department of Mega International Commercial Bank
Underwriting institution		None
Certified lawyer		Jhih-Jhong, Lin
CPA		Chiu-Hwa, Wu, Peggy Chen
Repayment method		The Company will redeem 50% of the principal at one year before maturity and redeem the rest 50% at maturity for each tenor
Outstanding principal		NT\$750,000,000
Terms of redemption or advance repayment		None
Restrictive clause		None
Name of credit rating agency, rating date, rating of corporate bonds		Taiwan Ratings Date rated: September 11, 2014 Rating outcome: tw AA-
Additional rights	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None
Transfer agent		None

Corporate Bond Type		1 st domestic unsecured corporate bond for 2017
Issue date		2017.07.10
Denomination		NT\$1,000,000
Issuing and transaction location		Taiwan
Issue price		At full denomination
Total price		Tranche A: NT\$6,500,000,000 Tranche B: NT\$3,000,000,000
Coupon rate		Tranche A: 1.03% p.a. Tranche B: 1.25% p.a.
Tenor		Tranche A: (5 years) Maturity: 2022.07.10 Tranche B: (7 years) Maturity: 2024.07.10
Guarantee agency		None
Consignee		Trust Department of Mega International Commercial Bank
Underwriting institution		Yuanta Securities Co., Ltd
Certified lawyer		Jhih-Jhong, Lin
CPA		Hsin-Yi, Kuo, Chi-Lung, Yu
Repayment method		The Company will redeem 50% of the principal at one year before maturity and redeem the rest 50% at maturity for each tenor
Outstanding principal		NT\$1,500,000,000
Terms of redemption or advance repayment		None
Restrictive clause		None
Name of credit rating agency, rating date, rating of corporate bonds		None
Additional rights	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None
Transfer agent		None

Corporate Bond Type		1 st domestic unsecured corporate bond for 2018
Issue date		2018.09.06
Denomination		NT\$1,000,000
Issuing and transaction location		Taiwan
Issue price		At full denomination
Total price		Tranche A: NT\$5,250,000,000 Tranche B: NT\$3,050,000,000 Tranche C: NT\$2,200,000,000
Coupon rate		Tranche A: 0.83% p.a. Tranche B: 0.91% p.a. Tranche C: 1.07% p.a.
Tenor		Tranche A: (5 years) Maturity: 2023.09.06 Tranche B: (7 years) Maturity: 2025.09.06 Tranche C: (10 years) Maturity: 2028.09.06
Guarantee agency		None
Consignee		Trust Department of Mega International Commercial Bank
Underwriting institution		Yuanta Securities Co., Ltd
Certified lawyer		Jhih-Jhong, Lin
CPA		Hsin-Yi, Kuo, Chi-Lung, Yu
Repayment method		the Company will redeem 50% of the principal at one year before maturity and redeem the rest 50% at maturity for each tenor
Outstanding principal		NT\$5,250,000,000
Terms of redemption or advance repayment		None
Restrictive clause		None
Name of credit rating agency, rating date, rating of corporate bonds		None
Additional rights	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None
Transfer agent		None

Corporate Bond Type		1 st domestic unsecured corporate bond for 2019
Issue date		2019.06.17
Denomination		NT\$1,000,000
Issuing and transaction location		Taiwan
Issue price		At full denomination
Total price		Tranche A: NT\$1,700,000,000 Tranche B: NT\$2,800,000,000 Tranche C: NT\$1,800,000,000
Coupon rate		Tranche A: 0.74% p.a. Tranche B: 0.82% p.a. Tranche C: 0.91% p.a.
Tenor		Tranche A: (5 years) Maturity: 2024.06.17 Tranche B: (7 years) Maturity: 2026.06.17 Tranche C: (10 years) Maturity: 2029.06.17
Guarantee agency		None
Consignee		Trust Department of Mega International Commercial Bank
Underwriting institution		Yuanta Securities Co., Ltd
Certified lawyer		Chien-Cheng, Huang
CPA		Hsin-Yi, Kuo, Chi-Lung, Yu
Repayment method		The Company will redeem 50% of the principal at one year before maturity and redeem the rest 50% at maturity for each tenor
Outstanding principal		NT\$5,450,000,000
Terms of redemption or advance repayment		None
Restrictive clause		None
Name of credit rating agency, rating date, rating of corporate bonds		None
Additional rights	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None
Transfer agent		None

Corporate Bond Type		2 nd domestic unsecured corporate bond for 2019
Issue date		2019.10.15
Denomination		NT\$1,000,000
Issuing and transaction location		Taiwan
Issue price		At full denomination
Total price		Tranche A: NT\$1,900,000,000 Tranche B: NT\$2,500,000,000 Tranche C: NT\$700,000,000
Coupon rate		Tranche A: 0.71% p.a. Tranche B: 0.75% p.a. Tranche C: 0.84% p.a.
Tenor		Tranche A: (5 years) Maturity: 2024.10.15 Tranche B: (7 years) Maturity: 2026.10.15 Tranche C: (10 years) Maturity: 2029.10.15
Guarantee agency		None
Consignee		Trust Department of Mega International Commercial Bank
Underwriting institution		Yuanta Securities Co., Ltd
Certified lawyer		Chien-Cheng, Huang
CPA		Hsin-Yi, Kuo, Chi-Lung, Yu
Repayment method		The Company will redeem 50% of the principal at one year before maturity and redeem the rest 50% at maturity for each tenor
Outstanding principal		NT\$4,150,000,000
Terms of redemption or advance repayment		None
Restrictive clause		None
Name of credit rating agency, rating date, rating of corporate bonds		None
Additional rights	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None
Transfer agent		None

Corporate Bond Type		1 st domestic unsecured corporate bond for 2020
Issue date		2020.09.24
Denomination		NT\$1,000,000
Issuing and transaction location		Taiwan
Issue price		At full denomination
Total price		Tranche A: NT\$3,200,000,000 Tranche B: NT\$3,800,000,000 Tranche C: NT\$3,000,000,000
Coupon rate		Tranche A: 0.49% p.a. Tranche B: 0.58% p.a. Tranche C: 0.62% p.a.
Tenor		Tranche A: (5 years) Maturity: 2025.09.24 Tranche B: (7 years) Maturity: 2027.09.24 Tranche C: (10 years) Maturity: 2030.09.24
Guarantee agency		None
Consignee		Trust Department of Mega International Commercial Bank
Underwriting institution		Fubon Securities Co., Ltd.
Certified lawyer		Chien-Cheng, Huang
CPA		Hsin-Yi, Kuo, Chi-Lung, Yu
Repayment method		The Company will redeem 50% of the principal at one year before maturity and redeem the rest 50% at maturity for each tenor
Outstanding principal		NT\$10,000,000,000
Terms of redemption or advance repayment		None
Restrictive clause		None
Name of credit rating agency, rating date, rating of corporate bonds		None
Additional rights	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None
Transfer agent		None

Corporate Bond Type		1 st domestic unsecured corporate bond for 2021
Issue date		2021.06.03
Denomination		NT\$1,000,000
Issuing and transaction location		Taiwan
Issue price		At full denomination
Total price		Tranche A: NT\$5,500,000,000 Tranche B: NT\$6,000,000,000
Coupon rate		Tranche A: 0.45% p.a. Tranche B: 0.33% p.a.
Tenor		Tranche A: (5 years) Maturity: 2026.06.03 Tranche B: (7 years) Maturity: 2028.06.23
Guarantee agency		None
Consignee		Trust Department of Mega International Commercial Bank
Underwriting institution		Yuanta Securities Co., Ltd
Certified lawyer		Chien-Cheng, Huang
CPA		Hsin-Yi, Kuo, Chi-Lung, Yu
Repayment method		The Company will redeem 50% of the principal at one year before maturity and redeem the rest 50% at maturity for each tenor
Outstanding principal		NT\$11,500,000,000
Terms of redemption or advance repayment		None
Restrictive clause		None
Name of credit rating agency, rating date, rating of corporate bonds		None
Additional rights	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None
Transfer agent		None

Corporate Bond Type		1 st domestic unsecured corporate bond for 2023
Issue date		2023.10.05
Denomination		NT\$1,000,000
Issuing and transaction location		Taiwan
Issue price		At full denomination
Total price		Tranche A: NT\$7,100,000,000 Tranche B: NT\$5,900,000,000
Coupon rate		Tranche A: 1.57% p.a. Tranche B: 1.77% p.a.
Tenor		Tranche A: (5 years) Maturity: 2028.10.05 Tranche B: (10 years) Maturity: 2033.10.05
Guarantee agency		None
Consignee		Trust Department of Mega International Commercial Bank
Underwriting institution		Yuanta Securities Co., Ltd
Certified lawyer		Chien-Cheng, Huang
CPA		Hui-Chih, Kou, Chun-Kuang, Chen
Repayment method		The Company will redeem 50% of the principal at one year before maturity and redeem the rest 50% at maturity for each tenor
Outstanding principal		NT\$13,000,000,000
Terms of redemption or advance repayment		None
Restrictive clause		None
Name of credit rating agency, rating date, rating of corporate bonds		None
Additional rights	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		None
Transfer agent		None

4.3 Status of Preferred Stock: None.

4.4 Issuance of Global Depositary Receipts: None.

4.5 Status of Employee Stock Options: None.

4.6 Status of New Shares Issuance in Connection with Mergers and Acquisitions:
None.

4.7 Financing Plans and Implementation

4.7.1 Finance Plans:

For each uncompleted public issue or private placement of securities, and for such issues and placements that were completed in the most recent three years but have not yet fully yielded the planned benefits: None.

4.7.2 Implementation:

Capital received from previously-issued corporate bonds has been fully executed according to the required procedures: None.

V. Operations Overview

5.1 Business Content

5.1.1 Business Scope

5.1.1.1 Main Business Operations

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 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. H701020 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
- 53. Other business operations of subsidiaries including plastics, electronics, chemical, textile fiber, investment and etc.

5.1.1.2 2023 Business Distribution

Amount: NT\$ thousands

Product Name	Unit	Volume	Amount	%
Flexible PVC Film	Ton	70,647	5,144,009	1.98
PVC Leather	Thousand Yard	22,672	2,492,440	0.96
Rigid PVC Film	Ton	86,228	6,092,284	2.35
PU Synthetic Leather	Thousand Yard	9,683	1,613,842	0.62
Plastic Doors and Windows	Ton	18,519	5,124,650	1.97
Rigid PVC Pipe	Ton	143,297	6,821,880	2.63
BOPP Film	Ton	21,040	1,603,785	0.62
Plasticizer and THPA	Ton	203,372	8,987,654	3.46
PA	Ton	121,534	4,226,951	1.63
BPA	Ton	303,006	11,661,881	4.49
1,4BG	Ton	62,883	3,333,915	1.28
EG	Ton	819,055	11,935,211	4.59
Copper Clad Laminate	Thousand Sheet	53,009	25,194,149	9.70
Epoxy Resin	Ton	357,811	23,338,316	8.98
Glass Fabrics	Thousand Meter	136,229	3,288,498	1.27
Copper Foil	Ton	29,572	11,700,756	4.50
Printed Circuit Board	Thousand SFT	14,065	42,252,578	16.27
Glass Yarn	Ton	32,189	1,289,346	0.50
Polyester staple fiber, filament, fabric	Ton	810,091	39,709,492	15.29
PET Film	Ton	45,497	3,248,009	1.25
Others			40,695,698	15.66
Total			259,755,344	100.00

5.1.1.3 Current Products

- (a) Plastic processing products: flexible PVC film, PVC leather, rigid PVC film, PP synthetic paper, metallized film, A-PET film, optical film, synthetic material, anti-corrosion paint, heat insulation paint, PU synthetic leather, non-woven, TPU leather (film), aluminum-plastic film, PE, TPO, plastic doors and windows, SMC doors, sound absorbing materials, rigid PVC pipe, film products, profile extrusion products, injection products, plastic floor tiles, rigid sheet, PVC plastic pellets, PP synthetic paper, engineering plastic pellets (including Long Fiber-Reinforced Thermoplastics engineering plastic pellets, GRS certified PCR recycled engineering plastic pellets), UP resin, etc.
- (b) Plastic raw materials: ethylene glycol, phthalate plasticizers, Bisphenol A, PA, 2EH, etc.
- (c) Electronic materials: Copper clad laminate, prepreg, copper foil, epoxy resin, electronic-grade and industrial-grade glass fiber cloth, LCD display, touch panel, capacitive circuit board, printed circuit board, and glass fiber filament.
- (d) Polyester products: Virgin or post-consumed recycling PET resins for textile applications, virgin or post-consumed recycling PET resins for packaging applications, industrial usage PET resins, virgin or post-consumed recycling PET resins for film usage, PCR PET recycle PET resin for bottles, bio-based PET bottle resin, cold filled PET bottle resins, heat filled PET bottle resins, high thickness PET bottle resin, heat shrinkable PET tube, blood collection PET tube, ovenable CPET tableware resin, recycle PET resin for fabric accessories, recycle PET yarn made from post consumed PET bottle, ocean recycle PET yarn made from post consumed PET bottle, PPT/PET mechanism elastic PET yarn, dop dyed recycle PET yarn made from post consumed PET bottle, CD/PET twisted compound PET yarn, mechanism elastic PET yarn, fine denier modified cross-section PET yarn, extra-fine denier twisted PET yarn, biological decomposition PET yarn, low Bisphenol A recycle PET yarn made from post consumed PET bottle, staple fiber made from virgin material or post-consumed bottle, solution dyed polyester staple fiber.
- (e) Electromechanical engineering: plastic processing, polyesters, chemicals, electronics engineering design and supervision, switchgear, cast resin transformer, vacuum contactor switchgear, steam and electric common fluid.

5.1.1.4 New Product Development Plan

Flame retardant sheet of lithium battery, circuit board cleaner, de-leukocyte blood capsules and anti-adhesion films for medical uses, solder mask protective film for Nan Ya PCB, interior decoration materials of electric vehicles, special film materials for electronics industry, carbon emission reduction and circular economy environmental protection materials, covering films for TV panels and automotive monitors, volatile organic compound (VOC) free anti-corrosion coatings, polyols for spinning, ESG related products (i.e. biomass polyol and plasticizer, plastic resin recycled from plastic bottles, low-carbon PU leather, water-based thermal insulation paint, water-based lining agent, polyester (Polyester) clothing depolymerization and recycling raw materials, etc.), FM approved PE pipe for underground fire protection service, compostable and biodegradable PBAT film and PLA film for packaging, high-frequency and low-dielectric copper clad laminate, new BMI resin copper clad laminate, IC substrate, high-end automotive copper clad laminate, hydrocarbon copper clad laminate, DCPD-bismaleimide resin, PPE-BMI olefin resin, second generation of low-dielectric fiberglass cloth, copper foil for high-frequency substrate, high tensile strength copper foil for lithium ion battery, copper foil for IC substrate, new generation high-end circuit board, functional co-polyesters resins for engineering plastics, functional masterbatch, recycle PET industrial yarn made from waste fishnet, TPEE elastic yarn, single spinning used dop dyed microfilament yarn, recycle PET yarn made from crippled waste, TPEE recycle PET made from post consumed PET bottle, recycle PET yarn made from lignin, anti-sweat recycle PET yarn, dop dyed recycle PET yarn for football uniform, cotton-like recycle PET yarn, antibacterial PET yarn made from tadpole shell, latent-crimped elastic polyester staple fiber, fine denier sheath-core functional staple fiber, mechanical stretch polyester staple fiber, non-woven recycled polyester staple fiber, UL VTM-0 flame retardant white film, and high-clarity energy-saving gray tone transparent film for vehicle front windshield, ANSI standard switchgear, H type and C2/E2/F1 type transformer.

5.1.2 Industry Overview

The current situation and development of the industry, the correlation between the upper stream, middle and the downstream of the industry, the various product development trends and the competitive situation:

The Company's main products are divided into five major industries, namely plastics, chemicals, electronic materials, polyesters, and electromechanical engineering, which are described as follows:

5.1.2.1 Plastic Industry

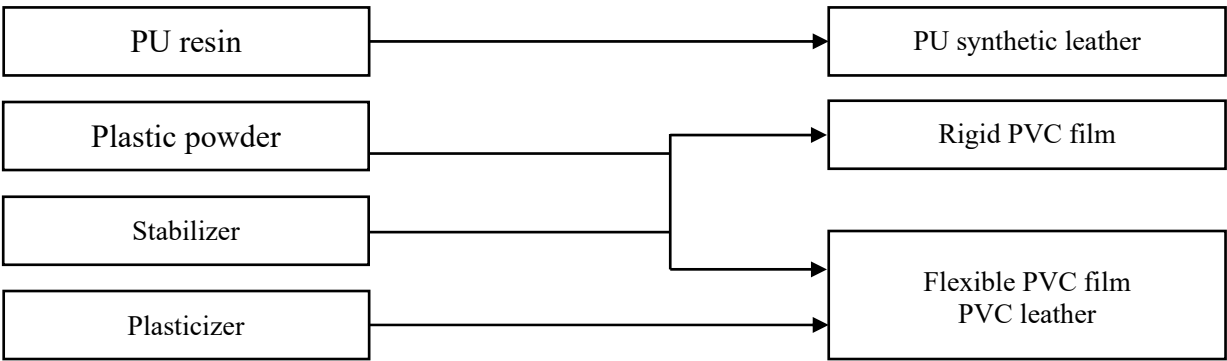
(a) Industry Overview:

Due to the global impact of rising inflation leading to stagflation, heightened the concerns of economic recession. Coupled with regional conflicts, incidents in the Red Sea and the Panama Canal, causing a diminished demand. Additionally, the United States initiated measures to counter production from China and starts to pursue domestic manufacturing, forcing the industries from China to relocate, which could have long-term adverse effects on economic performance. Furthermore, global shipping congestion has relieved temporarily, therefore the freight rates plummeted, and raw material prices fell. On the other hand, a downturn in the real estate market and the collapse of major property developer in China have resulted in reduced domestic demand, prompting capital flows into Southeast Asian markets and reshaping regional economic landscape.

(b) Industrial Development:

The global trend towards artificial intelligence and digital transformation is creating substantial pressure for industrial upgrading. On the production front, the Company is facing intense competition from manufacturers of China, Southeast Asia, and India, as well as drastic fluctuations in raw material prices. Therefore, proactive measures are being taken to drive digital transformation and AI adoption including upgrading both software and hardware to enhance production efficiency and product quality, while implementing a circular economy to reduce production costs. Additionally, actively research and develop differentiated, high-value products to increase market share. On the sales front, through audio-visual content of Nan Ya Cyber Shopping Mall strengthens marketing efforts, expanding into new markets and customer. In the meantime, participating in international exhibitions periodically to increase product exposure.

(c) Relevance of industry upper stream, middle and lower streams (using film and rubber as an example)



(d) Development Trends and Competitive Situations:

Under the regional wars, fluctuation of raw material price, high customer inventory and geopolitical factors, localized procurement has now become current trend which affected the development free trade. However, the Company has factories and sales offices in Taiwan, China, Vietnam, Indonesia and the United States providing operational flexibility to respond to changes in the international landscape and the capability of supplying product to customers around the world. Not only can the Company fully supply upstream raw material within the

corporate, but also satisfy customer needs by combining excellent design capabilities of the creative design center to provide customers with the best and fashionable styles, which have a competitive advantage in the market. In addition, the Company introduces Cyber-Physical System and Microsoft Power BI to grasp the operation status of factories in Taiwan and overseas in real time, implements remote management, strengthened cross-departmental integrated marketing, integrates three major categories of products such as medical care, building materials, and vehicles, sets up plans for medical products to be jointly developed with the plastic industry technology development center, visits large-scale construction companies and enterprise interior factory decoration to expand building materials products. In response to changes in consumption patterns, the Company establishes a digital integration platform "Nan Ya Cyber Shopping Mall" which is combined with Cyber-Physical System to provide comprehensive product solutions and visitor consulting services. In the future, the content of the website will be refined continuously to increase the number of visitors, the rate of customer inquiries to improve the overall operating performance.

5.1.2.2 Chemical Industry (taking ethylene glycol products as an example)

(a) Industry Overview:

In 2023, the global production capacity of ethylene glycol is 56.57 million tons, an increase of 13.5%, and the demand is 38.09 million tons, an increase of 9.3%. Since the production capacity exceeds the demand, the capacity utilization rate drops down to 67.3%. The global capacity requirements for ethylene glycol are as follows:

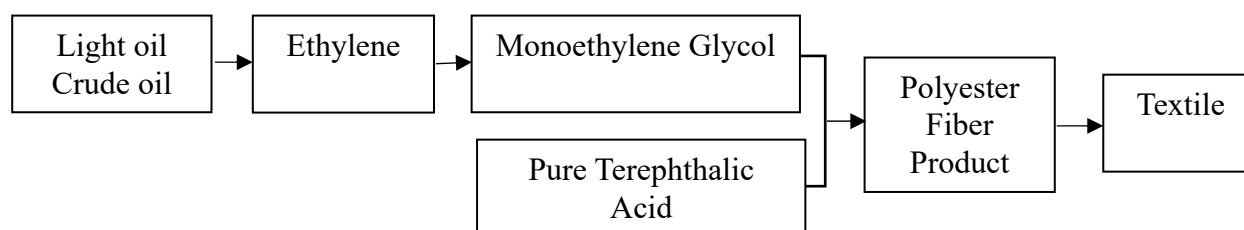
Year Items	2021	2022	2023	2024 (Estimated)
Global Production Capacity (million tons)	45.23	49.82	56.57	59.03
Global Demand (million tons)	35.87	34.85	38.09	39.38
Capacity Utilization (%)	79.3	69.9	67.3	66.7

(b) Industrial Development:

The slowdown of global economic in 2023 led to a slump in the demand for polyester. Adding up Sinopec Shenghong Refining & Chemical Co., Ltd. and Yulin Chemical Co., Ltd. in China continue to put into production, the ethylene glycol market as a whole will still be oversupply.

(c) Correlation between Upstream, Midstream, and Downstream of the Industry

The main raw material of monoethylene glycol (MEG) is ethylene, and the upstream raw materials of ethylene are light oil and crude oil. Therefore, the fluctuation of international oil price will affect the price of raw material ethylene. Monoethylene glycol (MEG) and pure terephthalic acid (PTA) are the main raw materials of polyester fiber, which is in turn the raw material of downstream textile products. Therefore, the seasonal demand of the market of textile, yarn and cloth will directly affect the price of ethylene glycol.



(d) Development Trends and Competitive Situations:

It is estimated that the global ethylene glycol production capacity in 2024 will be 59.03 million tons, an increase of 4.3% compared with 2023, and the demand will be 39.38 million tons, an increase of 3.4%. In 2024, the expansion projects of large-scale refining and chemical integrated plants in China such as Shandong Yulong Petrochemical Industrial Park Development Co., Ltd., Ningxia Baoli New Energy Co., Ltd., etc. continue to put into production, the supply of ethylene glycol will continue to increase. It is estimated that China's ethylene glycol imports will fall to

6.75 million tons. Due to the raw material cost advantage of the Company's EG Plant in the United States, it is responsible for export markets outside of Taiwan, while the Mailiao plant mainly focuses on domestic sales, aiming to consolidate the global market.

5.1.2.3 Electronic material Industry

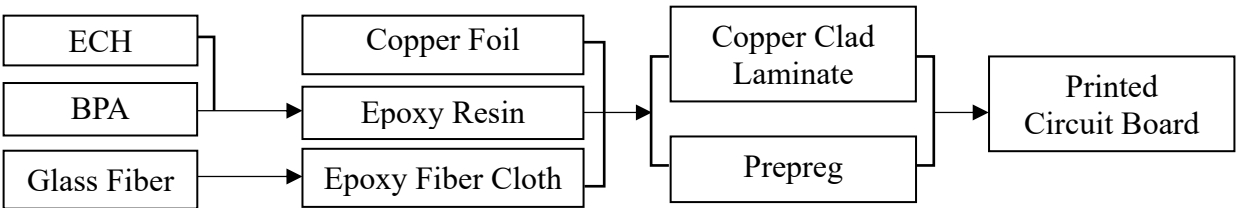
(a) Industry Overview:

In response to the rapid transmission of large amounts of data, the requirement for high-frequency and high-speed equipment is an important key to the development of electronic materials. The Company has actively deployed in niche products such as high-frequency low-dielectric copper clad laminate, IC substrate, new BMI resin copper clad laminate, high-end automotive copper clad laminate, hydrocarbon copper clad laminate, ultra-fine glass fibers, low-dielectric ultra-thin fiberglass cloth and copper foil for ultra-high frequency substrate. While AI, 5G and smart electric vehicle continue to develop in 2023, the Company will continue to develop application markets in fast-growing automotive electronics, high-efficiency computing, internet of things and communication network equipment in 2024. Due to the lower technology threshold and the encouragement of China policy, general circuit has many manufacturers, and its price competes fiercely. The same industries often expand their production capacity, through economics of scale reduces their production cost to maintain their profit, causing the whole market oversupply and the average price of general circuit keep dropping. But the network communication application is niche market, its application products have better profit, so it is the target that general circuit suppliers want to cut in. On the other hand, as the sales momentum of smart mobile devices has slowed down and the average selling price has continued to decline, IC substrates for related applications are facing price pressures. Thus, the IC substrate manufacturers act in concert with the trend of terminal market and actively cut in markets with growth potential such as artificial intelligence, high-efficiency computing, 5G network communication and system in package to improve profit.

(b) Industrial Development:

As the global board production focus gradually shifted to China, domestic players have actively integrated cross-strait scale in recent years. The Company has vertically integrated electronic materials plants in Kunshan for electronic materials, including glass fiber, fiberglass cloth, copper foil, epoxy resin, copper foil substrate and circuit board, etc. The expansion of the copper foil substrate plant II and the fiberglass cloth plant in Huizhou has completed successively and put into production, which will drive revenue and profit growth. Since printed circuit board is the main carrier for IC packaging and electronic component installation and interconnection, it is an indispensable basic part of all electronic products. Its downstream industries include information technology, communications, networking, optoelectronics, consumer electronics, automotive, precision instruments, medical equipment, aerospace military and various industrial products.

(c) Correlation between Upstream, Midstream, and Downstream of the Industry



(d) Development Trends and Competitive Situations:

Electronic products use 5G, artificial intelligence, cloud server and smart electric vehicle as the force for future growth, and various printed circuit boards and copper foil substrate manufacturers continue to invest in high-end products. High-end products require corresponding raw materials, such as ultra-fine glass fiber, low-k fiberglass cloth, low-k epoxy resin and low-edge copper foil. The Company has also completed relevant deployments and has better competitiveness in terms of cost, materials and quality. On the other hand, due to the trend of

the terminal electronics products of general circuit remain light, thin, short and tiny, the general circuit keeps develop toward multi-layer and fine-line. But the same industries continue to expand their production capacity causing the whole market oversupply and the average price of general circuit was impact. Besides, the smart phone market grew rapidly in the past, many manufactures expanded their HDI production capacity to strive the business opportunities, causing the oversupply of HDI and the price kept dropping. In addition, due to the rapid changes in semiconductor packaging technology, the penetration rate of system-in-package technology used in high-end wearable devices and mobile devices has gradually increased, driving the demand for system-in-package carrier substrates. Moreover, although more and more high-end IC substrates are used in 5G network equipment, computers, servers, artificial intelligence, efficient computing, and automotive electronics, with the continuous and substantial increase in the production capacity of IC substrates in the same industry, the shortage of supply has been significantly eased.

5.1.2.4 Polyester Industry

(a) Industry Overview:

Influenced by the interest rate hike of United State and inflation, demand for consumer electronics and daily necessities experienced a downturn in 2023. To adjust inventory levels, downstream customers reduced orders, while industry peers engaged in competitive pricing to decrease their own inventories. As a result, the Company's operating income declined.

In 2024, on supply front, the polyester industry in mainland China continuing the expansion of upstream and downstream integration of refining. On consumption front, as international brands' destocking approaches its end and with the decline in United State inflation rates, it is expected that private consumption momentum will gradually recover. With supply and demand in the consumer market approaching equilibrium and inventory improving, there is anticipation for increased demand for polyester products.

(b) Industrial Development:

The production capacity of polyester is continually growing. The global polyester production capacity was 135.46 million tons in 2023, an increase of 5.15% and the capacity utilization rate was 77.7% which was slightly higher than 2022.

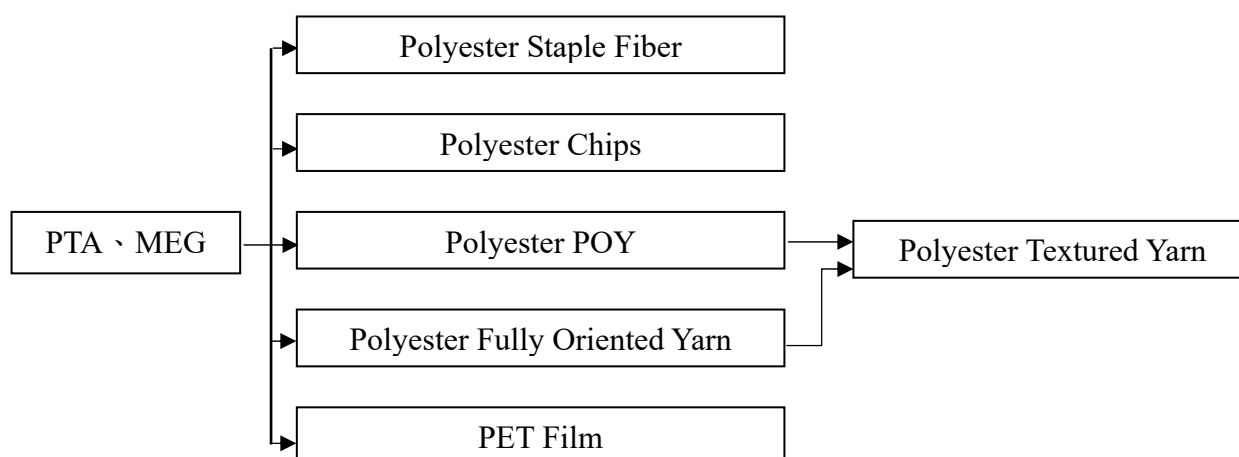
In 2023, the total polyester production capacity in China was 80.84 million tons, in which polyester filament accounted for 58.0%, and the capacity utilization rate was 89.0%. On the other hand, the polyester production capacity in U.S. was 5.20 million tons, in which PET resin products accounted for 60%, and the capacity utilization rate was 70%. With successful destocking in the industry and inflation easing, it is expected that demand will gradually rebound in 2024, driving the consumption of polyester products such as packaging materials, garments, home decorations and carpets.

In 2023, the global PET Film production capacity was 7.87 million tons, 6.06 million tons in China (accounts for 77.0%), 0.37 million tons in Korea (accounts for 4.7%), 0.35 million tons in India (accounts for 4.5%), 0.30 million tons in Japan (accounts for 3.8%), 0.17 million tons in Taiwan (accounts for 2.2%). In 2024, there will be more PET Film production line put into production.

Besides, more and more enterprises start to implement the concept of ESG and begin to transform to specific targets in 2023. The demand of using all kinds of recycled materials starts to grow.

(c) Correlation between Upstream, Midstream, and Downstream of the Industry

The main raw materials for polyester products are ethylene glycol (MEG) and pure terephthalic acid (PTA). And downstream are categorized by different uses of product, the bottle chips are made into food and beverage packaging materials; the filaments and stable fiber were the raw material of woven, dyed, garments etc. Besides, due to the different functional needs of garments, the Company forms a trend of small quantities and diversification production.



(d) Development Trends and Competitive Situations:

The production bases of domestic downstream manufacturers have shifted to Southeast Asian countries, coupled with the completion of integration of upstream and downstream refining in polyester market in China resulting in oversupply in polyester products and price competition. The Company has been developing the functional products, as well as improving the machines to save the capital costs and to maximize the profit and establishing marketing team for engaging with global brands.

On the other hand, in response to the global trend of carbon reduction and sustainable development, carbon neutrality policies will drive manufacturers to develop recycled polyester products in the future. Therefore, the Company devotes to promoting environment-friendly products and increasing the proportion of differentiated products to diversify the market, reduce impact and increase the utilization rate.

The PET bottle market faces keen competition as the new global production capacity continues to grow. The Company continues to increase exports to Japan and fought for domestic customers at the same time to increase sales and achieve full-scale production and sale.

The demand of recycled polyester products of United State major brands continue to increase, therefore the U.S. plant will continue to increase the supply of recycled polyester products. Besides improving profitability, devoting to resources circulation and implement sustainable development.

The manufactures of PET Film and Release Film in China are seizing the global market through low price competition. Meanwhile, the Company will continue to improve the quality of PET Film and Release Film. Furthermore, actively collaborate with downstream manufacturers for customized production, enhancing customer loyalty. Additionally, developing niche polyester products that comply with ESG standards to avoid competition from China manufactures.

5.1.2.5 Electrical and Mechanical Engineering (taking switchboards as an example)

(a) Industry Overview:

As a result of the return of Taiwanese businessmen and the government's energy transition policy, market demand is developing steadily. However, the price of raw materials has risen, resulting in higher costs and fierce price competition between industry peers. Therefore, it is necessary to actively develop specific markets, such as MRT, high-tech, data center, gas power and Taiwan Power Company. Although the economic growth in China, Japan and Southeast Asia is slowing down, there is still significant demand for infrastructure development. The Company continues to undertake overseas projects through strategic alliances with Formosa Heavy Industries Corp., Takaoka Toko Co., Ltd. and other industry peers. In addition, the subsidiaries in China continue to develop components source to reduce the material costs and cooperate with system integrators to strive for orders.

(b) Industrial Development:

In response to the trend of product intelligence, products such as “wireless temperature detector”, “smart relay” etc., are introduced, and as well as built up “i-power” APP application system to enhance the real-time monitoring function, establish data storage and analyze the switchgear in operation. By using AI data analysis technology, the Company promotes process optimization, introduces product life cycle management system, and establishes product history to strengthen after-sales service functions and achieve the goals of "differentiation" and "high value."

(c) Correlation between Upstream, Midstream, and Downstream of the Industry

Upstream: metal materials such as copper, iron, aluminum, and insulating materials such as resins.
Midstream: transformers, current transformer, circuit breakers, wire and cable, and various types of controllers.

Downstream: transmission and distribution construction, mechanical and electrical construction system.

(d) Development Trends and Competitive Situations:

In response to the competition trend of the switchgear market, Taiwan's parent company specializes in the development of new products and new technology, including differentiated products that are energy-efficient, environmentally friendly, safe and intelligent. Meanwhile, the Company launches a diverse product portfolio to increase sales. The subsidiary in China is responsible for the development of competing goods for main and auxiliary material to reduce costs. Cast resin transformer products have been sold to Japanese market, and the quality has been recognized. The Company will continue to develop the export markets to expand the source of orders for large capacity cast resin transformer products.

5.1.3 Overview of Technology and R&D:

5.1.3.1 The R&D expenses (includes expenses for research and development, and process improvement)

Unit: NT\$ thousands		
2023	2024 (Estimated)	As of March 31, 2024
2,147,742	2,123,785	416,738

5.1.3.2 Technologies or products developed successfully:

(a) Plastic products:

Low odor PVC film, automotive door’s inner panel film, high conductive black A-PET film, extra-white M-PET curtain film, vacuum plastic-absorbing molding yoga mat, anti-corrosion paint, heat insulation paint, PU leather cover for medical bed, easy-to-stick molding polishing material, aluminum-plastic film adhesive, double-sided bright label film, printing label film, extra-white M-PET film for curtains, GRS recycled cotton non-wovens and sports shoes materials, biomass automotive products, TPU film for medical packaging, PU leather for functional yoga mats, etc.

(b) Chemical products: None.

(c) Electronic material products:

High-frequency low-dielectric copper clad laminate, new BMI resin materials, hi-end materials for automotive, IC substrate, hydrocarbon materials, sizing compound for industry fiberglass yarn, bismaleimide resin, high-performance PPE olefin resin, low dielectric fiberglass cloth, copper foil for high frequency substrates, 2~5μm ultra-thin copper foil, high-capacity lithium-ion copper foil, ultra-fine yarn development, HDI PCB, high layer count PCB, thinner lines, more micropores, slimmer and more layers IC substrate.

(d) Polyester products:

PET resins used for storage box, PET resins for high transparency cosmetic container, heat-resistant tableware-grade PET resins, bottle-to-bottle recycled PET resins, cationic easily dyeable PET resins made from post-consumed PET bottle, recycled PET resins from waste greige, bottle-grade titanium-based PET resins, bio-based PET bottle resin, cold filled PET

bottle resins, heat filled PET bottle resin, high thickness PET bottle resin, heat shrinkable PET tube, blood collection PET tube, ovenable CPET tableware resin, wear-resistant recycle PET yarn, dop dyed recycle PET yarn all made from post consumed PET bottle, dop dyed sea-island recycle PET yarn, cool-feeling PET yarn, carbon capture & environmentally friendly PET yarn, mechanism recycle PET yarn made from waste fabrics, full-dull mechanism high-elastic PET yarn, hollow PET yarn, extra-fine denier twisted recycle PET yarn, extra-fine denier recycle PET yarn for down-filled garment, low Bisphenol A recycle PET yarn made from post consumed PET bottle, fine denier solution dyed polyester staple fiber, water caltrop carbon odor control and moisture management polyester staple fiber, 100 % recycled plastic bottle flake polyester film, film for ABF, high capacity release film, etc.

(e) Mechanical and electrical engineering:

- ①The 7.2kV VCB and VCS medium voltage switchgear has passed the CNS15156-200 certification.
- ②Cast resin transformer awarded Green Mark and Taiwan Excellence Awards.
- ③Large capacity 7500kVA cast resin transformer.
- ④Design and manufacturing technology of asymmetric double-cut wound core for cast resin transformer has obtained patent rights in Taiwan, Japan and China.
- ⑤AI AutoCAD design system for cast resin transformer.
- ⑥AI MCC load alignment optimization design system.

5.1.4 Short- and Long-Term Business Development Plans:

5.1.4.1 Plastic products

Long-term: Development of new market and new products. In aspect of production, continue to promote process optimization, digital transformation, on-line quality management, cyber-physical system optimization, perfect construction and operation of smart factories to simplify employment, reduce costs, and enhance competitiveness. In aspect of marketing, optimize the cloud online mall and strengthen online marketing. To achieve achieving seamless integration of online and offline marketing, besides updating abundance multimedia product introductions in the online store, enhance e-commerce. Cooperate with the expansion and production of blood bag medical materials, the Company diversifies and expands market opportunities and implements the spirit of sustainability and environmental friendly, researches and develops ESG products such as recycled materials and low-carbon materials, to continuously improve business performance.

Short-term: Understand customers' end-demand. In response to the procurement of export customers transform from global procurement to local, the business side re-arranged the market to enhance market competitiveness. Actively promote AI artificial intelligence, process optimization, energy saving and carbon reduction to reduce costs. In addition, make good use of cyber-physical system, strengthen remote management, optimize cloud network mall functions, increase customer visit rate, expand business opportunities, and maintain market competitiveness, improve overall business performance.

5.1.4.2 Chemical products

Long-term: (a) Ethylene glycol: The global polyester fiber grows stably. It's estimated the demand of ethylene glycol will grow by around 3.5% per year in the future, especially in Asian regions such as China and India, where there is still annual demand for ethylene glycol imports. The Company's EG Plant in United State processes raw material cost advantage, which make it has more competitiveness and profitability.

(b) Bisphenol-A: The quality of the bisphenol-A of the Company is good and the price is competitive, which make the product fully meet the needs of downstream customers in domestic and abroad. As the economy of China gradually recovers, the demand of consumer electronic products increases. In addition, China actively deploys renewable energy, with a resurgence in demand for the offshore wind power

industry driving the demand for downstream products such as polycarbonate and epoxy resin increase. Moreover, the production line of the Company in Ningbo of China has put into production by the end of 2023, the supply is expected to increase in the future and leading profit of the Company growth.

- (c) Plasticizers: The public's environmental awareness has greatly increased, making the use of phthalate plasticizer DEHP declines year by year. The Company's DOTP is an environmentally friendly plasticizer that can replace DEHP and has been recognized by the market in terms of transparency, low odor, high insulation, customer service, etc. In addition, developing specialized phthalate plasticizer for various market applications and monitoring the growing demand trend for DOTP. By targeting users and providing in-depth services in areas where DOTP demand is rapidly growing, such as Southeast Asia, Central America and North Africa to increase the sales and the global market share.

- Short-term:
- (a) Ethylene Glycol: Besides steadily supplies to customers in domestic and abroad, Mailiao ethylene glycol plant continues to develop new customers which have good reputation in Southeast Asia and Europe. Apart from 20% of ethylene glycol products that supplied to the US fiber plant in Texas, the rest of the output is supplied to local customers and exported to Central and South America, Europe, China and other polyester plants to ensure stable profits.
 - (b) Bisphenol-A: Steadily supply to downstream manufactures within the corporate, including the epoxy resin plant of the Company, the invested epoxy resin plant in Kunshan and the PC plant of Formosa Chemicals & Fibre Corp. The remaining products are sold to domestic customers such as PC plant of Chi Mei Corp. Meanwhile, the Company continues to export to customers that sales PC and epoxy in China, Japan and South Korea and Thailand. By actively developing the new customers in Europe, US and the Middle East to ensure stable sale.
 - (c) Plasticizer: Besides consolidating existing customers, the Company cooperates with large logistics partners to stabilize the sales volume of bulk plasticizers and strengthens the sales of special plasticizers for high-end applications such as electric vehicle peripherals, special cables, toys and medical materials. The Company also increases the sales volume with excellent quality such as low odor and high insulation.

5.1.4.3 Electronic materials products

- Long-term:
- (a) Promote high-frequency low-dielectric copper clad laminate, new BMI resin materials, hi-end materials for automotive, and IC substrate, etc. To satisfy 5G infrastructure demands, the Company develops hydrocarbon materials which could apply for base stations antenna, high power amplifiers, automotive radars and RF components to provide customers with stable and competitive sheet materials and increase market share.
 - (b) Expanding the application fields of anti-corrosion coatings and composite materials, promoting niche products such as halogen-free environmentally friendly epoxy resins, heat-resistant phenolic epoxy resins, and water-based resins. Tap into emerging markets such as Northeast Africa, Eastern Europe, and Central and South America and expand market share in industries including electronics, paint, wind power, civil engineering, and container coating in China.
 - (c) Continuously promote new products for low-dielectric fiberglass yarn and fiberglass cloth to increase the product proportion of differentiated and high value products. Besides, increase output and product quality by performing process optimization, equipment automation and AI were introduced. Promote circular economic and various production improvements to reduce cost and improve competitiveness. The Company will continue to develop new products and segregate the market.

- (d) Through promoting the mass production of differentiated products such as thick copper foil, copper foil for high-frequency substrates, ultra-thin copper foil, etc. to increase the proportion of differentiated copper foil. Besides, the Company continues to establish the mass production technology of lithium-ion copper foil, develop new lithium-ion copper foil with high heat resistance and high strength, and promote the application of solid-state and high-capacity lithium-ion batteries to increase market share.
- (e) The growth trend of the circuit board in the future is still mainly towards the application products of communication networks, high-efficiency computing and artificial intelligence. The Company adheres to the business philosophy of sustainable operation and continuous innovation and dedicates to the development of products and expansion of product capacity. In addition, we actively develop new customers and take the advantage of leading quality and technology as the axis of long-term business development.

Short-term:

- (a) Grasp the industry development trends and accelerate the acquisition of terminal certification for new products. Use the advantages of vertical integration and strive for orders with flexible prices and fast delivery services to increase sales.
- (b) Actively promote high-resistance phenolic epoxy resin and water-based resins for the applications in high-end copper foil substrates, composite materials, PCB inks, and container paint etc., increase market share, strengthen sales in the Chinese domestic market, and expand the market for wind power and automotive coatings.
- (c) Increase the sales of niche-type (Low-dielectric glass filaments) fiberglass yarn, optimize product portfolio, continue to expand market and fight for orders to reduce costs and increase production and operating rates, ensure full-scale production and sales, to increase the interests of the Company.
Besides, maintain the utilization rate by satisfying customers' need of the electronic yarn and earning export orders of industrial yarn from Europe, U.S., South Korea and Thailand.
- (d) Increase the sales and production volume, yield of differentiated copper foil products, and strive to ensure full production and sales.
- (e) Due to the upstream production process of semiconductor keeps shrinking and the end electric products keep develop toward micronation, the circuit board products will focus on technology improvement and potential customer development of high-density and thinning circuit board, and high-layer count and large-size IC substrate. In addition, the Company cooperates with the preference changes of customer toward end products, keeps adjusting product portfolio, accelerating the equipment improvement and production capacity expansion of high value products to improve the production value and profit.

5.1.4.4 Polyester products

Long-term: The production capacity of polyester in China continues to expand, and the quality of polyester products is also improved, which lead to a more intense competition in polyester industry. In the long-term, the Company must continue to accelerate the global production by integrating the production resources of Taiwan, U.S., Vietnam and China. By taking the respective advantages of each region, the Company aims to break out the market segregation. With combination of Artificial Intelligence and digital transformation technology improves customer service to obtain the maximum profit. In addition, in line with carbon neutrality policies, the company continues to develop circular sustainable products such as multi-functional recycle yarn and fabric recycle yarn.

Short-term: The Company persistently urges to promote differentiated and high-value products. Meanwhile, applying process integration, as well as applying artificial intelligence to develop high standards for quality, enlarge the production capacity and minimize the

production cost to elevate our competitiveness. Enhance the expansion of RCEP tariff preferences in ASEAN countries and collaborate with brand customers to develop 3C electronic consumer application. To couple with the trend of carbon reduction and sustainable development, and to align with the target schedule and usage rate of brands and beverage companies for using recycled materials, the Company actively promotes recycled products such as recycled originals, fabric recycling, etc. and leverages the strengths of the Company's own brand to aggressively market products to global fashion brands. On the other hand, the Company also promotes materials and other differentiated polyester products such as light storage, anti-ultraviolet and anti-perspective, black heat shielding and cooling, heavy metals-free, biodegradable products to ramp up sales volume and profits.

5.1.4.5 Mechanical and Electrical Engineering

Long-term: In response to the government's energy transition policy, the Company has been collaborating with major international manufacturers Hitachi Energy and developing new ANSI standard products to seize the commercial opportunities for natural gas power plants, wind power and Power Grid Resilience Plan of Taiwan Power. In addition, the Company continues to develop "I-power" monitoring system and strengthen after-sales service by using intelligent equipment.

Short-term: Urban renewal, expansion projects of semiconductor industry and data center are still in progress, which benefits the Company for taking the orders and opportunities. In order to optimize the material consumption of cast resin transformers, the Company adopts AI technology to improve design schemes and reduce the costs. At the same time, the Company has obtained C2/E2/F1 certifications in climate/environmental/fire behavior tests and planned to segregate the market with the differentiated products. In addition, the Company won the 2022 Taiwan Excellence Award, which is conducive to marketing for enhancing product awareness and reliability. As for the subsidiaries in China, continue to cooperate with ABB to develop strive for orders.

5.2 Markets and the Overview of Production and Sales

5.2.1 Market Analysis

5.2.1.1 Sales regions and market share for major products

Items	Sales region	Domestic market share
Primary products		
Plastic products	Taiwan, China, America, Southeast Asia, Europe, Australia, Northeast Asia, the Middle East, and India	Flexible PVC Film 46%, rigid PVC film 50%, PP synthetic paper 60%, PU leather 29%, Rigid PVC Pipe 67%
Chemical products	Taiwan, China	Bisphenol-A 55%, ethylene glycol 46%
Electronic material products	Asia, Europe, America, China	Copper foil substrate 28%, epoxy resin 64%, circuit board 34%
Polyester products	Taiwan, China, Northeast Asia, Europe, America	Polyester fiber 26%, polyester yarn 19%, polyester film 69%
Mechanical and Electrical Engineering	America, Southeast Asia, Taiwan, China	Switchboard 23%

5.2.1.2 Please see Chapter 1. Letter to the Shareholders for information about the market's future supply and demand situation and growth, competitive niche and development prospects, unfavorable factors and countermeasures:

A. Plastic products

① Market's future supply status and growth:

Due to the impact of regulatory restrictions, global trend towards reducing plastic use and ESG, the demand of plastics industry is tightening from the downstream end. Furthermore, the current market trend requires manufacturers to provide products with higher proportion of recycled materials in order to gain market factor, thereby the Company is accelerating the implementation of recycling mechanisms and development on the production side.

The market competition in China becomes more severe due to the manufacture level of peers in China gradually improves and some of the customers set up their own processing machines to produce and supply materials, they cut price to win the orders. Therefore, the Company actively develops products that are high-growth, corresponding to environmental friendly regulation and high value to establish the products uniqueness and segregate the market from general products, make it more difficult for products to be copied by competitors, ensure the profits of the Company.

② Competitive Niche:

The Company has a global layout advantage to produce products that supply customers around the world within a short distance for Southeast Asia, Northeast Asia, America, and Europe to achieve a global layout. With the recovery of COVID-19, the interactive activities have increased. But affected by Ukrainian-Russian War, Israel-Palestine conflict and inflation, the consumption demand decreases significantly, and the price of raw material drops sharply. The Company conducted production scheduling based on orders and transferred orders to our plants around the world to maximize benefits.

The main raw materials are supplied by the Formosa Plastics Corp. or the Company; therefore, the source and the quality of the material are stable. With the advantages of equipment for process optimization, AI data analysis, etc. and relevant technology, we can produce high value products.

The Chinese subsidiaries also have a complete management system, and have obtained safety certification for the automotive industry, leading the industry in the development of automotive featured and looking forward to the layout of the new energy vehicle market, and successively obtained single sources from major manufacturers.

In addition, China's regulations of cessation of production toward high-polluted company have become stricter day by day. The Company actively invests high standard environmental protection equipment, develops environmental friendly synthetic leather products such as bio-based, low-carbon and recycled materials, giving us the competition advantage of sustainable economic and environmental protection production.

③ Favorable factors affecting the Company's development prospects:

In response to the trend of small quantities, variety and mass customization manufacture, the Company actively promotes digital transformation, AI, and process optimization to find out the optimal production parameters to improve production process. In addition, the Company has introduced automated and computerized production equipment to improve production efficiency, product quality, and save costs.

The Company has a complete set of equipment, coupled with years of experience and a strict quality management system, which can provide the quality and service that satisfied the customer's satisfaction. The strong R&D team can better meet the needs of customers by developing products with special functionality and in accordance with various international standards. Coupled with internet marketing application and home and abroad business resources integration can the Company expands market and earns the orders to ensure the business performance.

- ④ Unfavorable factors in the prospect of future development and countermeasures:
In recent years, as environmental protection regulations getting stricter in various countries, some products are gradually replaced by non-PVC materials. In order to meet the increasingly strict environmental protection regulations, the Company also provides products with functions consistent with PVC, such as A-PET material. Meanwhile, develop products such as recycled PU and Polyol, bio-based PVC and PU leather, GRS and bio-certified automotive products. Besides, promote online mall, independent website of various products has been improved gradually and included in online mall to enhance brand image and secure orders from international customers.

B. Chemical products

- ① Market's future supply status and growth:
The global annual production capacity of Ethylene glycol products from 2024 to 2027 will increase by an average of 1,930,000 tons/year (an increase of 2.3%) and the demand will increase by 1,430,000 tons/year (an increase of 2.6%), leading to an oversupply market. The global annual production capacity of Bisphenol-A products from 2023 to 2027 will increase by an average of 584,000 tons/year (an increase of 4.8%) and the demand will increase by 343,000 tons/year (an increase of 4.7%). The increase in production capacity will be greater than the increase in demand in the future and the market competition is expected to be fierce. As the economy of Europe and U.S. gradually recovered, adding up China successively announces interest rate cuts and other economic stimulus policies, the economy is expected to recover. The global annual production capacity of plasticizer products from 2023 to 2027 will increase by an average of 415,000 tons/year (an increase of 1.0%) and the demand will increase by 187,000 tons/year (an increase of 1.2%) along with economic growth. The economic date of United State and emerging market exceeded expectation while China's was relatively stable, maintaining a weak recovery trend. However, high interest rates still significantly constrain economic activity. Economic growth is expected to gradually solidify but with some uncertainty. Market competition is anticipated to remain intense.
- ② Competitive Niche:
Ethylene glycol products are stable in terms of raw material supply in the enterprise. Production process and energy improvement continues to be carried out so that lower production costs can be the competitive niche. The raw materials of Bisphenol-A include phenol and acetone are completely supplied by Formosa Plastics Corp., the quality is stable and most of the finished products are also supplied to the PC plant or epoxy resin plant in Formosa Plastics Corp., the products are vertically integrated as a competitive niche. The demand of environmental protection DOTP and hydrogenated plasticizers is growing faster than that for phthalate plasticizers gradually replacing DEHP and DINP. The DOTP the Company has received high market recognition for its low odor quality, which is advantageous for solidifying customer relationships, expanding into new markets, and establishing a competitive niche.
- ③ Favorable factors affecting the Company's development prospects:
The quality of the products is affirmed by the customers and long-term supply contracts are signed with the customer leading to a stable production and sales.
- ④ Unfavorable factors in the prospect of future development and countermeasures:
Due to the increase in the self-production of ethylene glycol in China, the market competition will be fiercer in the future. On the other hand, the self-sufficiency rate of Bisphenol-A in China is rising, coupled with production plants in ASEAN countries such as Singapore and Thailand have the advantage of being exempted from tariffs on imports from China, the Company needs to uphold good quality, increases contract supply not only from Japan and Korea, but also Europe. Furthermore, actively filling up the gap left by the closure of Japanese Bisphenol-A manufacturer, reduce production costs, and enhance market share and competitiveness.

C. Electronic materials products

① Market's future supply status and growth:

Looking forward 2024, market scale of artificial intelligence, high-efficiency computing, 5G network communication, automotive electronics and wearable devices will continue to evolve, which is favorable to the demand of circuit board. Besides, the trend of semiconductor consolidation remained unchanged, the customers' bargain power has become stronger along with the expansion of its business scale, and the prices of raw materials continued to rise up which will increase the cost pressure of circuit board manufactures. Besides actively research and develop high-value products and expand production capacity of substrates for high-end IC substrates to increase profits and market shares, continue to promote improvement projects such as employment, materials and energy conservation to reduce production costs and improve the company's operating performance. As for glass fiber, the Company will adjust the production and sales portfolio across Taiwan and China in response to market supply and demand changes, ensuring timely and ample supply to meet market demands.

② Competitive Niche:

The Company's cross-strait layout has been completed gradually, and the upstream and downstream electronic materials have been vertically integrated. Besides masters the upstream substrate industry of the circuit board, the main raw materials of the circuit board, such as copper foil substrate, fiberglass cloth, glass fiber, epoxy resin, and copper foil are self-made to ensure a sufficient quantity and reliable quality. In addition, the flexible adjustment of production capacity, the balanced development of the products and other levels are improved significantly, therefore providing customers comprehensive circuit boards product demand. With quality rooted over years and technology abilities, the Company has the advantages of price and technology which are the competitive niche of the Company.

③ Favorable factors affecting the Company's development prospects:

With automatic production equipment and a completely computerized system, logistics and information flow are combined to provide rapid production and delivery efficiency. Together with a strong R&D and after-sales service promotion team and a complete product portfolio, the needs of different customers can be met. A number of international certifications for product safety and system management has also been obtained. The Company is well-established on both sides of the strait and has won recognition from the world's leading manufacturers in terms of quality, technology, and mass production capabilities. The Company is currently one of the world's few leading suppliers of all kinds of electronic materials. Because lithium battery copper foil is a key material in producing lithium-ion power batteries, and every country is vigorously promoting electric vehicles, a large number of power lithium batteries are needed, and the demand for lithium battery copper foil is promising. With the long-term goal of carbon neutrality being set, wind power generation, as one of the main renewable energy sources, has been vigorously developed by many powerful countries. As an important material for making blades, the development of electronic-grade epoxy resin can be expected. Furthermore, since the Company cutting into the IC substrate market in an earlier and keeping accumulating development experiences of all kinds of products. With the excellent technology, quality, mass production ability and solid customer foundation, our customers are all world-renowned manufacturer and the product sell all over the world. Since our quality is deeply trusted by the customers, the customer relationship is good. Besides, we can meet the customers' needs for product reliability and production capacity, therefore customers are willing to cooperate with the Company to develop new products which helps the Company to seize the business opportunity.

④ Unfavorable factors in the prospect of future development and countermeasures:

Electronic products continue to become lighter and smaller, and the industry peers in China continue to expand the production capacities, resulting in oversupply. The market will become more competitive in the future. In addition, the environmental protection regulations of China are becoming stricter day by day. Fortunately, the Company can meet the environmental

standards. Besides, the Company has the advantages of vertically integration of the upstream and downstream, excellent technology and quality. We keep cooperating with customers to develop all kinds of high niche products such as high-efficiency computing, network communication, new generation system in package substrate and high-level car boards to response the growing demand driven by artificial intelligence, 5G communications, and advanced driver assistance system. By improving product portfolio, strengthening market segregation and expanding markets in China, Southeast Asia and Japan, the Company enlarges the market share and sales volume. Due to the continuous evolution of advanced packaging technology, the use of carrier boards used in mobile devices has declined, and the bidding for low-end products has become more and more fierce. In addition, the environmental regulation in China continues to tighten up causing the operating cost rises making the operation of circuit board manufacturers more difficult. To address the inventory clearance of consumer electronics products, which has led to a decrease in demand for IC carrier boards, the Company has worked closely with customers to launch high-value products, such as artificial intelligence application high-performance computing chips, high-end network communication equipment, high-end graphics chips, and next-generation system-level packaging carrier boards. Additionally, the Company keeps promoting employment rationalization projects, production automation and optimizing manufacturing processes to improve yields. In the future, the Company will continue to promote energy conservation and waste reduction, such as implementing renewable energy construction like solar power system, adding new recycling and treatment equipment to increase the recycling rate of wastewater, reducing the amount of biological sludge. Furthermore, actively participating in the transformation of net-zero carbon emission by developing new energy automotive-related products to move toward net-zero emission steadily, realizing the vision of transitioning to a low-carbon economy, achieving circular economy and the goal of sustainable development.

In addition, expansion of glass fiber plants in China continues to be put into production, which lead to a greatly increase in supply. Furthermore, to competition will become more and more fierce. To minimize the operating impact, the Company promotes the following measures:

(1) Improve the structure of furnaces in line with annual maintain to improve production efficiency and extend the service life of the furnaces; (2) Continue to develop high-value products in line with customer needs to create profits; (3) Promote differentiated products such as industrial yarn and twisted yarn; (4) Develop low-dielectric glass fiber; (5) Promote digital transformation and factories fully-automation; (6) Promote circular economy.

D. Polyester products

① Market's future supply status and growth:

The consumption of polyester products is growing by approximately 3.2% yearly. With the world's population growth and the change of lifestyle, polyester applications are becoming more widespread. The consumption of various types of polyester products continue to grow steadily and the global polyester production capacity is estimated to reach 135.46 million tons in 2023. However, the increase in production capacity is greater than the growth of demand, the market will continue to maintain a trend of fierce competition in the future. The market demand still be affected by Ukrainian-Russian War and Israel-Palestine conflict in 2023, but major international brands have nearly cleared their inventories. Therefore, demand and orders are expected to increase. In March 2023, competitive manufacturer DAK announced the cessation of production for its bottle-grade pellet line at the Cooper River plant in South Carolina, with an annual capacity of 170,000 tons. Despite no new capacity in 2024, increased imports have intensified competition, maintaining overall capacity utilization above 70%.

As more and more enterprises transform their ESG concepts to specific targets, various of major brands starts to introduce recycled materials into their products in 2023 actively. The Company expands polyester film and release film products that consisted of 100% recycled PET bottle flakes to international brands to increase the sales volume of differentiated products.

② Competitive Niche:

The Company has head-to-toe supply chains, which are very steady. The manufacturing technologies, automatic control, quality control, integrated together gives the vertical supply chain a highly efficient environment. To improve product competitiveness, the Company has enthusiastically been developing high-value and differentiation products, adjusting product structure, entering the non-textile field for materials. In addition, the Company has a professional marketing team, and cooperates with major brands to produce diversified, customized and functional products according to the market needs. The integrity and quality of the product portfolio are all superior to competitors in the industry. Kunshan Plant leading the industry in technology advantages of production, cooperating with various brand customers developing environmental production low carbon and 3C application products. While U.S. Plant equips the advantages of high quality and fast delivery, remaining strong competitiveness in U.S. market.

③ Favorable factors affecting the Company's development prospects:

Over the years, the Company has continuously optimized the process and introduced AI artificial intelligence, and the main raw materials are self-sufficient, so that the production cost can be strictly controlled and reduced. In the future, the Company will continue strengthening the management. While following the characteristics of the textile industry, such as small-volume with large-variety and short delivery requirements, the excellent R&D team will continue to develop high value-added products with function and environmental protection as the two main axes, and at the same time develop non-textile products such as products used as a material in order to create business opportunities and profits. Through the combination with artificial intelligence and digital transformation technology of the Taiwan parent company, Kunshan Plant continues to launch sustainable and environmental friendly products such as multi-function recycled yarn and fabric recycled yarn. The business prospect of recycled products is promising. Benefiting from government's protection of US industry policies, the U.S. Plant will continue to optimize processes and develop digital transformation to increase profits.

④ Unfavorable factors in the prospect of future development and countermeasures:

The major polyester chemical fiber manufacturers are accelerating the development toward petrochemical refining industry. By mastering upstream raw materials and completing vertical integration, they have relatively competitive advantages, such as large scale and low cost. Taiwan's textile industry is export oriented. In the face of the current fast-changing global competition and the impact of trade agreements such as RCEP, it is necessary to continue to strengthen technology research and development capabilities, produce high value products, optimize manufacturing processes to reduce costs, and make rapid reactions in accordance with market demand changes. Only by responding and improving the product structure can the overall competitiveness of the industry be maintained. In addition to actively developing new products, the Company can also take advantage of production spanning China, U.S., Taiwan and Vietnam, and allocate resources optimally according to market demand, so as to maintain the best competitiveness in the fiercely competitive global market. With China continues to expand its refining-chemical integration scale, the imbalance between supply and demand, resulting in price destruction. In response, Kunshan Plant needs to maintain strict quality control, stay closed cooperation with brands, continue to provide new products that corresponded to environment and social responsibility. In recent years, the United States has experienced an increasing trade deficit, prompting the polyester industry to lodge several anti-dumping appeals with the government to counteract the impact of imports on domestic products and maintain market stability.

E. Mechanical and electrical engineering

① Market's future supply status and growth:

Energy transformation continues to be promoted in Taiwan. The Company plans to strive for orders from solar power, wind power, gas power plants and Power Grid Resilience Plan of

Taiwan Power. In addition, the government encouragement of urban redevelopment and capital expenditures of insurance industries invest in the construction of commercial buildings, are conducive to increasing the demand for switchboards. The cast resin transformers have quality advantages, and large-capacity specifications are advantageously promoted to the Japanese market. The subsidiary in China continued to support the expansion projects of FPG Group in China and Vietnam, strengthened after-sales service and developed opportunities of co-operation with Chinese-funded turnkey engineering companies.

② Competitive Niche:

Corporate brand is conducive to the willingness of international manufacturers to cooperate with the Company and fight for the orders together. Through large scale procurement reducing the material cost, shorten the delivery time, make sure the product design and the quality of production process, and integrate enterprise resources to develop differentiated products which are conducive to the promotion of high-end projects.

③ Favorable factors affecting the Company's development prospects:

Cooperate with Japan Takaoka on producing resin cast transformers to improve self-made and mass production capabilities, and significantly reduce the costs and optimize the design projects by using AI technology. Southeast Asian countries are actively carrying out power infrastructure and have great market potential. The parent company has system integration capabilities, which could apply on taking the advantage of tariff-free when importing products from subsidiaries in China to Southeast Asia. At the same time, it would be beneficial for the Company to develop the local markets with overseas investment from the Group. With the opportunity to build a solar power plant by ourselves, the Company could cultivate own technical team and secure the orders.

④ Unfavorable factors in the prospect of future development and countermeasures:

In Taiwan, the region has been affected by labor shortages and inventory adjustments in the electronics industry, leading to a slowdown in demand for switchgear. Rising costs of raw materials have further exacerbated the situation. Additionally, international electrical giants are leveraging their production scale advantages to participate in domestic bidding projects, which has been disadvantageous for winning orders.

Therefore, it is necessary to accelerate the research and development of power monitoring systems and new products, continue to promote process optimization, introduce Advanced Planning and Scheduling system (APS) to achieve smart manufacturing goals and reduce costs. The subsidiary in China has not only developed the expansion orders of Chinese-funded enterprises, but also increased after-sales service orders to maintain the growth of turnover.

5.2.2 Important Applications and the Production Processes of the Major Products

5.2.2.1 Major uses of the primary products

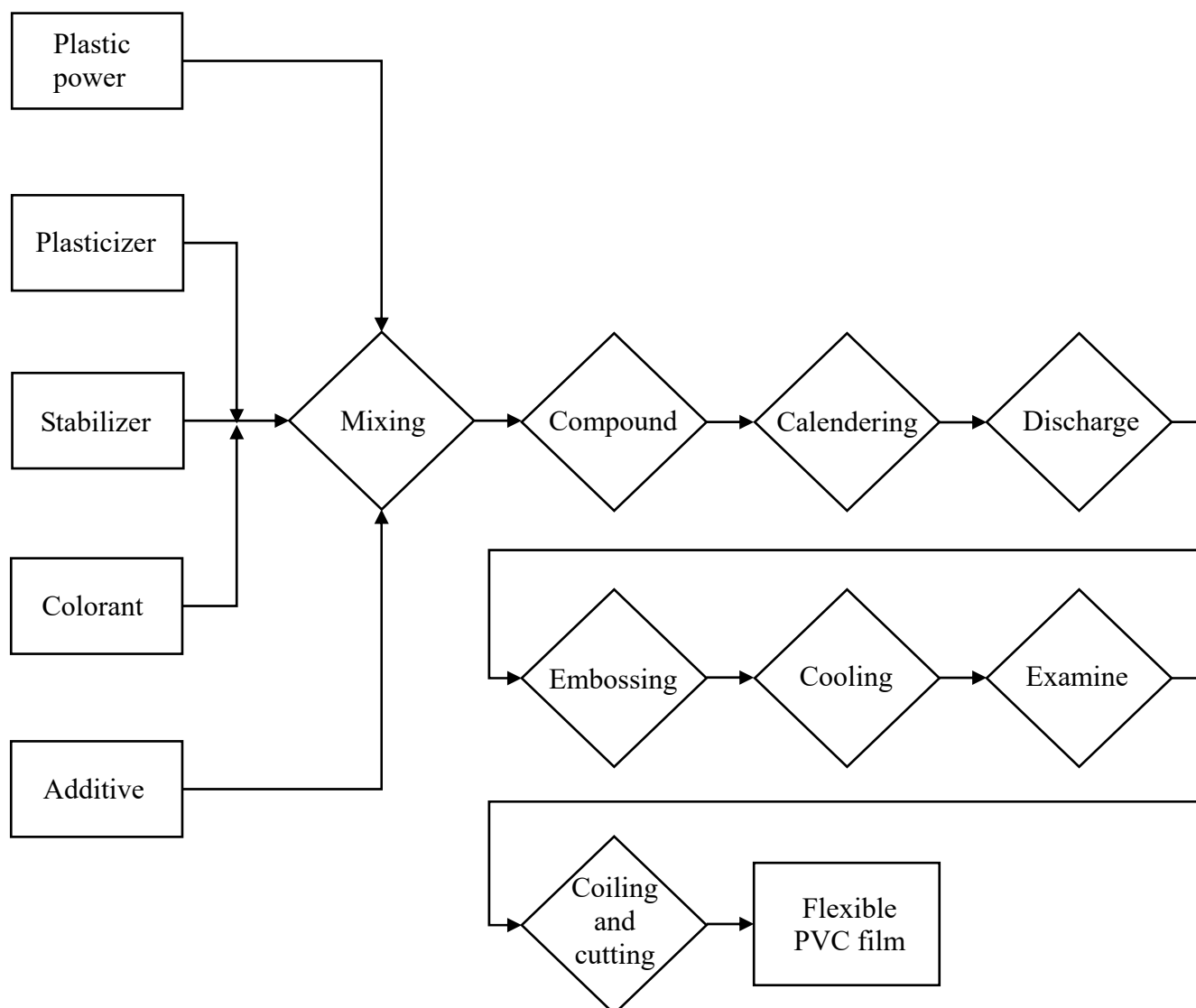
Product Name	Important use
Flexible PVC Film	Tape, floor tiles, wallpaper, labels, pools, transparent, raincoats, insufflation, water beds, table mats, car, building materials etc.
PVC Leather	Furniture, purses, clothing, footwear, raincoats, toys, vehicles, gloves, boat products, etc.
Rigid PVC Film	Vacuum forming, food packaging, credit card, floor tile fitting, wood veneering, printing, stationery, electroplating, photo album, fold molding, water tower plate, medicine packaging
PP Synthetic Paper	Stationery, labels, advertising tags, cards, solar back panels, TPU liners, push-pull sheet
A-PET Film and Sheet	Food packaging, printing, stationery, folding, high frequency heat sealing
PU Synthetic leather	Shoes, vehicle interiors, furniture, 3C product covers, sports equipment, yoga mats, abrasives, fireproof material, heat insulation paint, anti-corrosion paint, resin etc.

Product Name	Important use
POM doors and windows	Energy-saving doors, windows and curtain wall for buildings
SMC fiberglass door	SMC room door, fire door, entrance door
PEPA Synthetic Paper	Advertisement printing, printing paper, label paper, stationery
Rigid PVC Pipe	Engineering, water plant, electrical, drainage and general construction pipes
Plastic pallet	Automatic warehousing, cargo carrying, stacking machines, and export shipments
BOPP Stretch Film	Tape, garment bags, food packaging, photo albums, etc.
UP Resin	Cooling Tower, purification tank, artificial stone, shipbuilding, furniture, and building materials, etc.
Engineering plastic	Electronic and electrical parts, sports equipment, household appliance, automotive materials, Eco-friendly tableware (PET), filament (Automobile parts, home appliance parts, building formwork), GRS certified PCR recycled material
PVC Compound	Extrusion, injection, blow molding, pipes, films, sheets, valve, fitting, tool handles, shoes, containers of water or oil, etc.
BPA	Epoxy resin, PC resin
Ethylene glycol	Polyester fiber products, ester pellets for bottles, polyester film, antifreeze
Copper Clad Laminate	Printed circuit boards (PCB)
Epoxy resin	Electronic, civil, paint, composite materials
General circuit board	Key component of various electronic devices which purpose is to serve as a carrier for various electronic devices and as a medium for interconnection between components. Application products include: notebook computers, workstations, servers, high-end memory modules, solid-state hard drives, game consoles, TV sets, vehicles, LED displays, mobile phones, wireless charging, LED chips, low-orbit satellites, power modules, RF antenna communication technologies, etc.
IC Substrate	Carrier applied to IC chip products so that the output / input signals of the chip can communicate with the inner/outer leads on the PCB. In addition, it can assist the heat dissipation of the chip. Products are used in a variety of electronic products including cloud storage configuration, storage configuration controller chip, POS terminal sales system, data center sever, optical sensor, cloud server chips, 5G server chips, high performance computing chips(HPC), 5G switch chips (CoWoS substrate), 5G high frequency module, solid-state hard drive controller IC, game console processor board, chip substrate for mobile devices, AI chips for data centers, 8K TV chips, traffic supervisory monitors, AI chips, 5G wireless communication module and router chip, millimeter Wave antenna, network communication chip, computer graphics chip substrate, computer accelerated processor substrate, digital TV and set-top box chipset, smart speaker AP, 3D digital graphics instrument panel, automotive image processor, AI systems, high-performance computing chip PCB, low-orbit satellites and glass substrate
Electronic grade glass fiber	Electronic grade glass fiber (consumer electronics, servers and PCB substrates for vehicle), electronic insulation tubing, civil engineering construction materials, fireproof building materials, grinding wheel core materials, high-temperature filter bags.

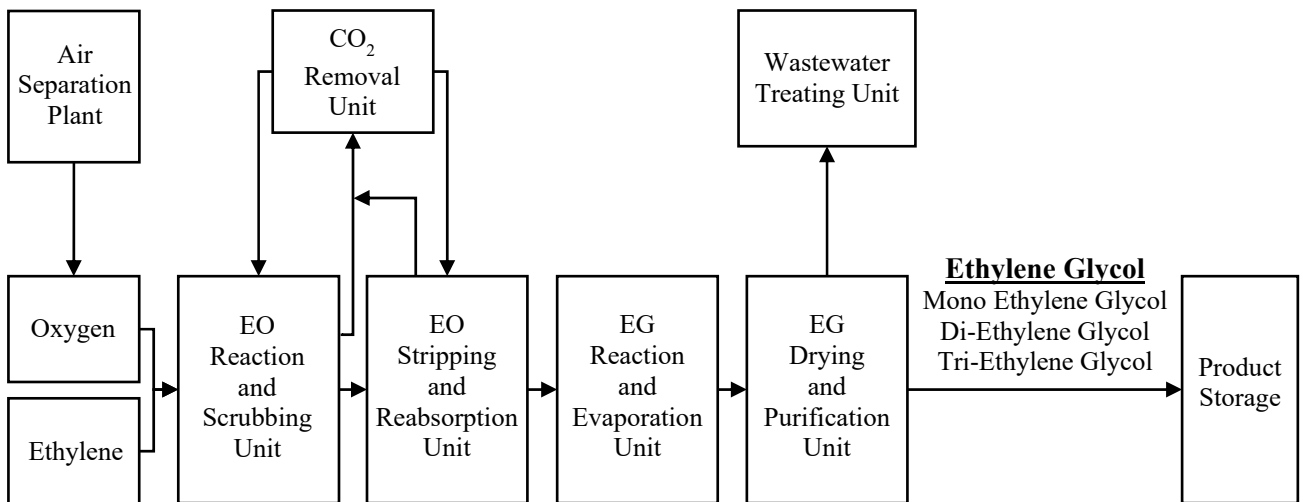
Product Name	Important use
Reinforced glass fiber	Electrical and electronic parts, auto parts, sports equipment, electrical tools, office furniture
Polyester staple fiber	Spinning woven fabrics are used in a variety of clothing, home furnishings, or for non-woven fabrics and fillers
PET resin	Made into a variety of bottles, yarn, cotton, film
Polyester yarn	Made into yarn woven cloth or knitted cloth for various garments, tire cords, canvas, water pipes, etc.
Polyester film	Food packaging, bronzing transfer, LCD panel, 3C electronics
Release film	Laminated ceramic capacitors coating, polarizing plate production process examination, transparent optical coating
Switchboard	Transmission and distribution system for electricity

5.2.2.2 Production processes of major products

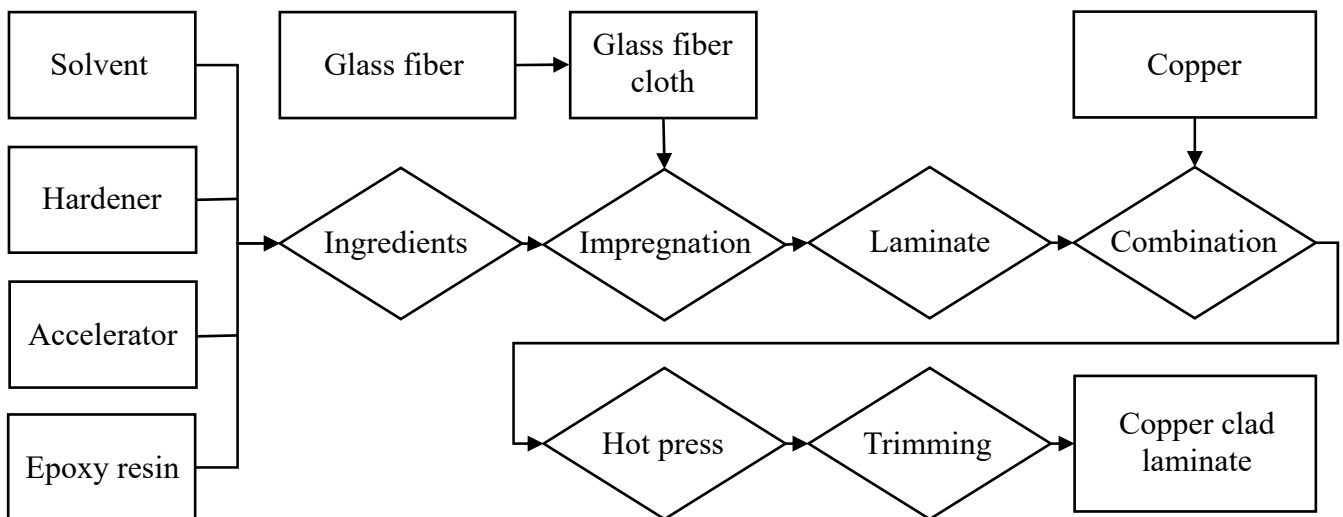
Flexible PVC film production flow chart



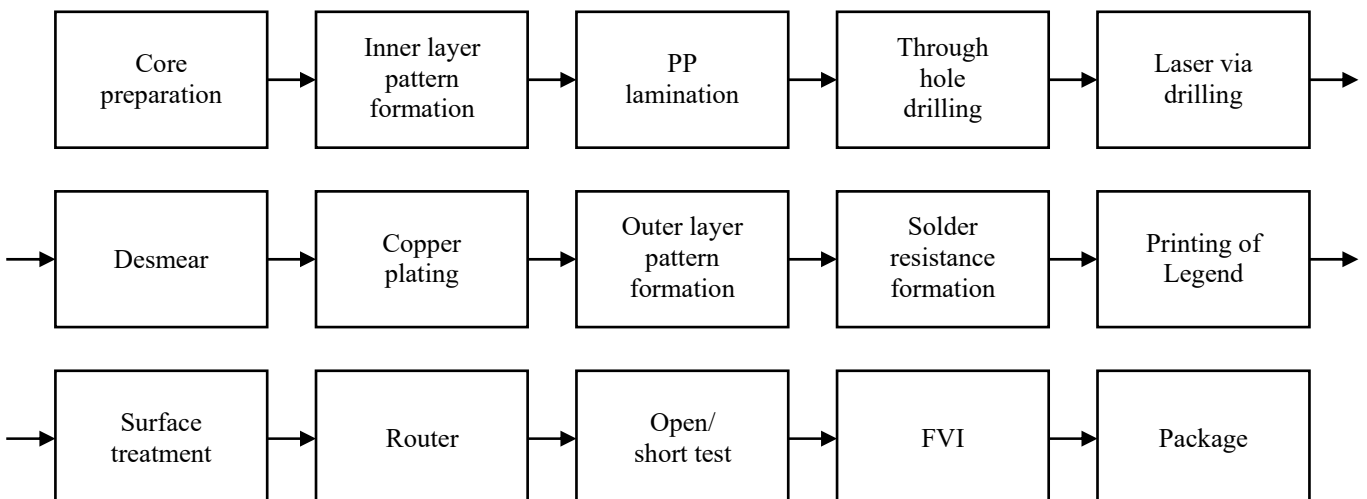
Ethylene glycol production flow chart



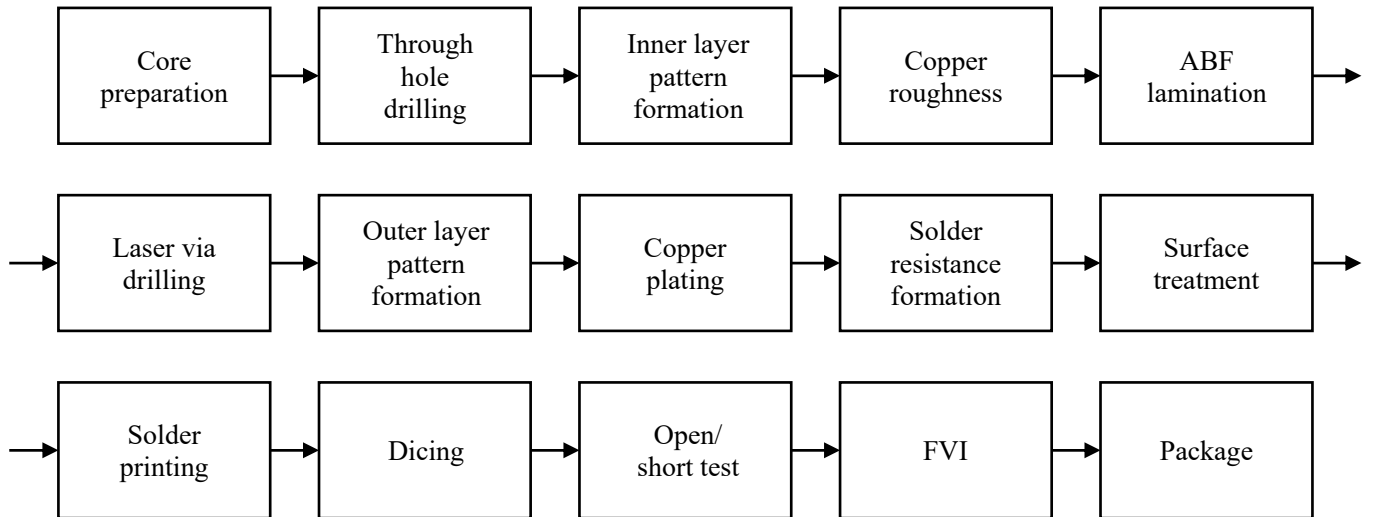
Copper clad laminate production flow chart



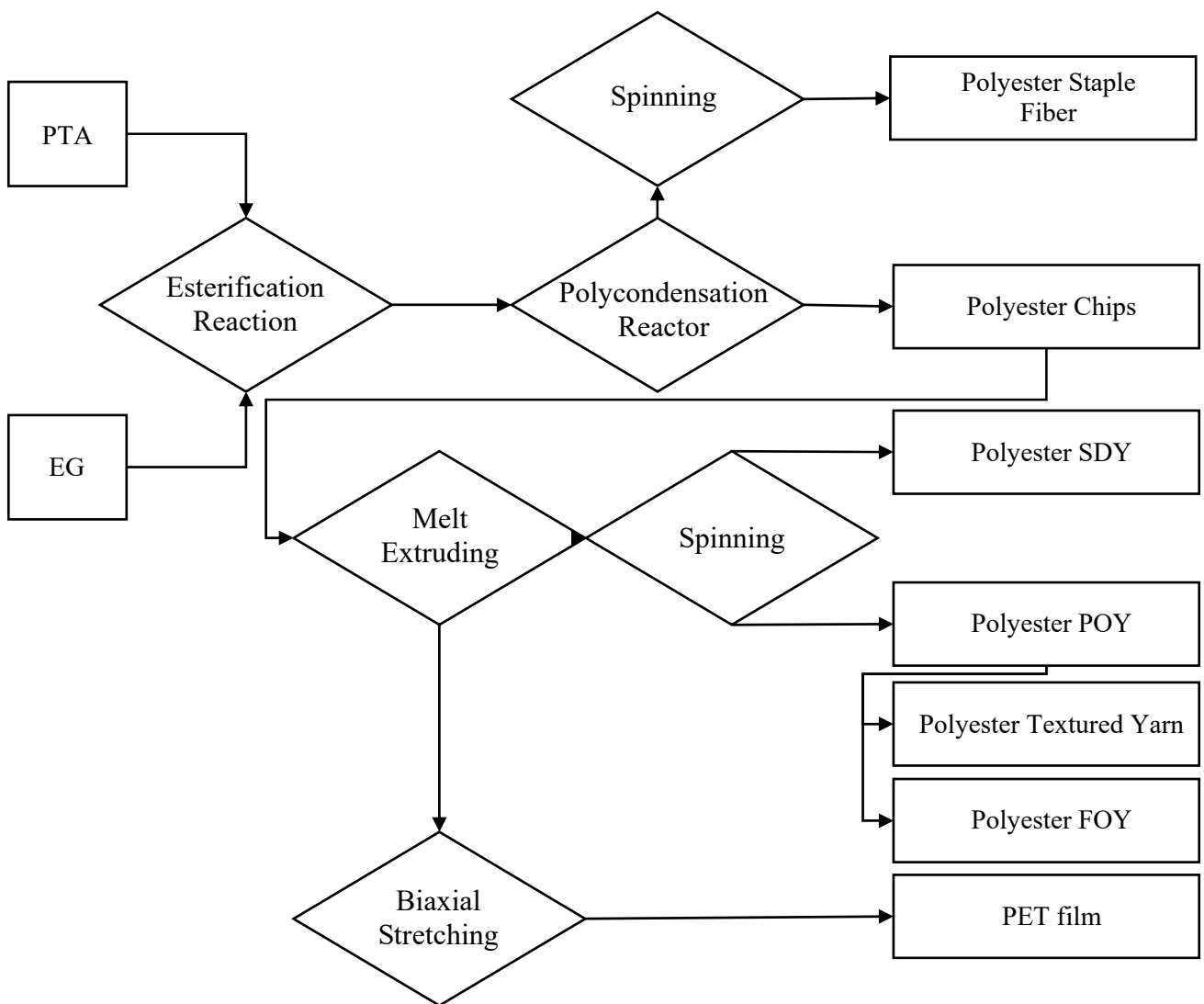
General circuit board production flow chart



IC substrate production flow chart



Polyester products production flow chart



5.2.3 Supply of Primary Raw Materials

The Company now conducts procurement operations through an internet electronic platform to ensure the fairness and justice of the procurement process and prevent procurement defects. The procurement cases are advertised on the Internet, and the supplier submits quotes after confirming the identity with an electronic signature. This ensures the safety and fairness of the overall operation and shortens the time of procurement operations, as well as achieving a win-win situation between the Company and its suppliers. At present, this electronic platform has more than 10,000 online quotation manufacturers. The Company's major raw materials usage status and suppliers in 2023 are as follows:

Material Type	Unit	Volume	Major Supplier
Plastic Powder	Ton	234,548	Formosa Plastics Corp., Formosa Plastics Industry (Ningbo) Co., Ltd.
Stabilizer	Ton	6,966	Intra-company transfer, Trans Chemicals Co., Ltd.
Plasticizer	Ton	30,726	Intra-company transfer, Bao Fong (Nantong) Co. Ltd.
Modifier	Ton	17,165	Formosa Plastics Corp.
Epichlorohydrin	Ton	170,749	Wudi Xinyue Chemical Group Co. Ltd., Formosa Plastics Corp.
Fiberglass Yarn	Ton	95,143	PFG Fiber Glass Corp., PFG Fiber Glass (Kunshan) Co., Ltd.
EG	Ton	113,364	Intra-company transfer
PTA	Ton	323,568	Formosa Chemical & Fibre Corp., Formosa Chemicals Industries (Ningbo) Co., Ltd.
Ethylene	Ton	610,753	Formosa Petrochemical Corp.,
Substrate	Sheet	3,191,444	Intra-company transfer
OX	Ton	124,300	Formosa Chemical & Fibre Corp.
Butadiene	Ton	54,702	Formosa Petrochemical Corp.
Normal Butane	Ton	66,356	Formosa Petrochemical Corp.
BPA	Ton	220,957	Intra-company transfer
Acetone	Ton	51,214	Formosa Chemicals Industries (Ningbo) Co., Ltd.
Propylene	Ton	146,366	Formosa Petrochemical Corp.
Phenol	Ton	435,075	Formosa Chemical & Fibre Corp., Formosa Chemicals Industries (Ningbo) Co., Ltd.
Naphtha	Ton	83,135	Formosa Petrochemical Corp.
Copper Wire	Ton	74,014	Gersing Metal Co., Ltd.

5.2.4 Suppliers/Customers Accounted for at Least 10% of Annual Procurement/Sales

5.2.4.1 Major Suppliers for the Last Two Years

Unit: NT\$ thousands

Year	2023				2022			
Item	Company Name	Amount	Percent (%)	Relation to NPC	Company Name	Amount	Percent (%)	Relation to NPC
1	Formosa Chemical & Fibre Corp.	24,436,553	14.62	Juristic person director of NPC	Formosa Petrochemical Corp.	30,305,922	13.66	Investee under equity method
2	Formosa Petrochemical Corp.	17,750,787	10.62	Investee under equity method	Formosa Chemical & Fibre Corp.	30,159,470	13.60	Juristic person director of NPC
	Others	124,995,541	74.76		Others	161,337,610	72.74	
	Net Purchase	167,182,881	100.00		Net Purchase	221,803,002	100.00	
Note: Compared with 2022 the amount of procurement from Formosa Chemical & Fibre Corp. and Formosa Petrochemical Corp. decreased in 2023 is mainly because the procurement volume of PTA and ethylene decreased.								

5.2.4.2 Major Customers for the Last Two Years: None.

5.2.5 Production Volume for the Last Two Years

Production Value: NT\$ thousands

Production Volume & Value		Year	2023			2022		
			Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Product Name								
Flexible PVC Film		Ton	189,000	72,005	5,242,889	199,200	72,577	5,870,770
PVC leather		Thousand Yard	37,800	22,630	2,487,823	39,600	22,919	2,592,800
Rigid PVC Film		Ton	225,000	88,046	6,220,732	205,800	99,272	7,704,112
PU Synthetic Leather		Thousand Yard	29,280	10,246	1,707,671	30,000	11,715	1,937,418
Plastic Doors and Windows		Ton	44,284	23,209	6,422,430	44,284	26,292	6,591,478
Rigid PVC Pipe		Ton	236,340	142,902	6,803,075	245,784	137,242	7,074,085
BOPP Film		Ton	62,400	29,278	2,231,731	62,400	31,824	2,413,775
Plasticizer and THPA		Ton	602,000	211,655	9,353,706	602,000	236,150	11,415,130
PA		Ton	228,000	135,230	4,703,298	228,000	146,376	5,271,059
BPA		Ton	680,000	493,097	18,977,969	550,000	560,578	30,864,277
1,4BG		Ton	120,000	69,552	3,687,490	120,000	91,543	9,536,224
EG		Ton	3,083,000	1,104,353	16,092,546	3,083,000	1,509,554	27,551,626
Copper Clad Laminate		Thousand Sheet	87,960	53,246	25,306,791	87,960	57,146	30,502,645
Epoxy Resin		Ton	457,000	405,539	26,451,387	457,000	380,320	37,319,112
Glass Fabrics		Thousand Meter	684,600	438,953	10,596,100	684,600	460,027	11,415,197
Copper Foil		Ton	116,400	74,278	29,389,583	116,400	75,659	31,296,040
Glass Yarn		Ton	239,800	132,036	5,288,766	239,800	152,660	6,754,310
Printed Circuit Board		Thousand SFT	29,880	11,158	42,450,506	28,530	14,478	60,479,018
Polyester staple fiber, filament, fabric		Ton	1,254,000	906,202	44,420,717	1,560,120	1,073,056	60,067,503
Polyester Film		Ton	109,200	54,798	3,912,003	109,200	63,210	4,621,174

Note1: Production Capacity refers to the quantity that can be produced using existing production equipment and under normal operation after the company has measured the necessary stoppages, holidays, etc.

Note2: If the production of each product is substitutable shall combine the calculated production capacity and note it.

Note3: The production capacity of EG only included mono-EG, excluded other by-products.

5.2.6 Sales Volume/Value of the Last Two Years

Sales Value: NT\$ thousands

Sales Volume & Value	Year	Unit	2023				2022			
			Domestic		Export		Domestic		Export	
			Volume	Value	Volume	Value	Volume	Value	Volume	Value
Product Name										
Flexible PVC Film		Ton	22,359	1,897,905	48,288	3,246,104	24,659	2,162,226	47,835	3,701,830
PVC leather		Thousand Yard	0	0	22,672	2,492,440	0	0	21,969	2,485,328
Rigid PVC Film		Ton	16,149	1,157,413	70,079	4,934,871	17,583	1,236,212	81,693	6,468,210
PU Synthetic Leather		Thousand Yard	995	158,956	8,688	1,454,886	1,434	261,913	9,587	1,560,732
Plastic Doors and Windows		Ton	9,639	1,779,337	8,880	3,345,313	9,800	1,727,552	11,283	3,557,946
Rigid PVC Pipe		Ton	109,951	5,623,015	33,346	1,198,865	103,658	5,643,260	33,235	1,412,836
BOPP Film		Ton	18,495	1,400,845	2,545	202,940	24,620	1,731,003	7,536	707,953
Plasticizer and THPA		Ton	33,904	1,733,509	169,468	7,254,145	37,189	2,006,899	181,941	8,585,510
PA		Ton	14,030	512,012	107,504	3,714,939	15,289	578,885	104,887	3,748,701
BPA		Ton	146,881	5,595,629	156,125	6,066,252	186,631	10,172,976	212,509	11,802,855
1,4BG		Ton	39,363	1,839,569	23,520	1,494,346	43,332	3,743,014	38,227	4,753,156
EG		Ton	211,641	4,394,386	607,414	7,540,825	340,248	6,141,074	815,816	14,958,829
Copper Clad Laminate		Thousand Sheet	5,306	3,338,580	47,703	21,855,569	6,153	4,169,912	51,846	26,788,036
Epoxy Resin		Ton	26,726	1,973,155	331,085	21,365,161	27,514	2,763,814	319,595	31,296,450
Glass Fabrics		Thousand Meter	25,707	836,771	110,522	2,451,727	31,182	926,996	140,277	3,327,620
Copper Foil		Ton	1,447	615,164	28,125	11,085,592	1,493	675,694	31,933	13,150,836
Glass Yarn		Ton	12,661	233,036	19,528	1,056,310	9,723	304,071	34,994	1,674,394
Printed Circuit Board		Thousand SFT	2,730	14,504,072	11,335	27,748,506	4,771	28,757,417	13,998	35,889,419
Polyester staple fiber, filament, fabric		Ton	180,216	7,626,004	629,875	32,083,488	191,914	9,215,576	843,495	48,744,543
Polyester Film		Ton	10,937	854,975	34,560	2,393,034	12,675	1,011,834	44,059	3,135,891
Others				19,917,811		20,777,887		21,748,769		22,453,128
Total				75,992,144		183,763,200		104,979,097		250,204,203

5.3 Employees

Employees are the most important asset of a company. Every company should strive to ensure every employee can work safely and is willing to contribute his or her talent. To recruit talented employees, the Company offers stable and competitive compensation, comprehensive training, and promotion system to achieve the basic policy of full utilization of human resources.

Year		2023	2022	As of 2024.03.31
Number of Employees	Male	22,857	23,858	22,247
	Female	7,535	7,878	7,280
	Total	30,392	31,736	29,527
Average Age		41	39	41
Average Seniority (Year)		15	14	15
Educational Background Rate (%)	PhD	0.10	0.11	0.10
	Master	3.35	3.02	3.43
	Bachelor	9.63	9.51	9.78
	High School	71.50	70.47	71.29
	Under high school	15.42	16.89	15.39

Note: The number of employees includes the consolidated financial reporting company.

5.4 Environmental Expenditure Information

5.4.1 Total losses and penalties for environmental pollution

The Company was sanctioned by the Department of Environmental Protection in a total of 3 cases from 2023 up to April 21, 2024.

Disposition Date Item	2023.02.09	2023.03.03	2023.03.07
Compensation Object or Disposition Unit	Environmental Protection Bureau, New Taipei City	Environmental Protection Bureau, New Taipei City	Environmental Protection Bureau, Chiayi County
Disposition No.	10-112-020001	34-112-030001	20-112-020007
Regulation Violated	Article 23 of Environmental Impact Assessment Act	Paragraph 2, Article 38 of Toxic and Concerned Chemical Substances Control Act	Paragraph 2, Article 23 of Air Pollution Control Act
Violation	When the waste disposal organization was handling the construction waste from the tenant of the Company's plant site, its transportation route was different from the environmental impact statement which was their negligence. Therefore, the fine for this violation will be borne by the waste disposal organization.	Due to the toxic substance content in the raw material did not meet the acceptance specifications and was returned by the original shipment. However, the freight company associated with the shipment was not a member of nationwide mutual aid group. Therefore, was subjected to audit penalties.	Due to operational negligence by the software and maintenance vendor, the Continuous Emission Monitoring Systems of the Company failed to transmit monthly report of December before the 15th of the following month on internet.
Disposition Content (including disposition amount)	Administrative fine of NT\$300,000	Administrative fine of NT\$60,000	Administrative fine of NT\$100,000

Note: There was a fire incident occurred at the Company's CPP Plant in Linkou plant area on April 7, 2024. Substances such as carbon dioxide, water, and smoke generated from the incident have been inspected in cooperation with the regulatory authority. As of the printing date of the annual report, the Company has not yet received the fine notification.

5.4.2 The possible expenses that could be incurred and measures to be taken currently and in the future

5.4.2.1 Improvement plans and measures to be taken currently and in the future

- Using the best available control technology in the new expansion production process to reduce the impact on the environment.
- Continue to promote process optimization and combine Real-Time Production Management system. Through early warning control of computer system, to ensure the operation of various equipment can meet the approved content.
- Strengthen the operation management of prevention equipment and regular maintenance, maintain the normal operation of the system, exert the best handling efficiency and ensure the pollutant emissions comply with regulatory requirements.
- Improve the operator's ability of system trouble shooting to complete the repair in the shortest time and complete the relevant notification according to regulations.
- Through information exchange and computer system strengthen the internal articulation mechanism of declaration data to improve data quality.
- In the spirit of inquiring into the root of the matter, the reason of error should be reviewed and analyzed from the management, environmental and operational aspects and recorded as case studies. The cases are created to enhance the environmental awareness and the alertness of all employees through education and training.

5.4.2.2 Expected environmental protection capital expenditures for next two years

Items \ Year	2024	2024
Pollution control equipment to be purchased or expenditure	<ul style="list-style-type: none"> ● Inspection fees, air pollution fees, water pollution fees, etc. ● Replace consumables of control equipment to high-efficiency type ● Registration fee of the existing chemical substance standard ● Establish solar power generation facilities ● Recycle, remanufacture and refurbish of packaging material 	<ul style="list-style-type: none"> ● Inspection fees, air pollution fees, water pollution fees, etc. ● Investment measures for water and energy conservation improvements ● Registration fee of the existing chemical substance standard ● Establish solar power generation facilities ● Recycle, remanufacture and refurbish of packaging material
Expected Improvements	<ul style="list-style-type: none"> ● Ensure the treatment capacity of wastewater, waste gas and waste in the plant area ● Compliance with government regulations and reduce environmental impact 	<ul style="list-style-type: none"> ● Strengthen the treatment capacity of wastewater, waste gas and waste in the plant area ● Compliance with government regulations, fulfilling corporate sustainability responsibilities, and achieving the 2050 net-zero emissions target at the earliest opportunity
Amount	NT\$ 1,601,587 thousand	NT\$ 1,586,270 thousand

5.4.2.3 The impact on the Company's finance and operations to the implementation of Restriction of Hazardous Substances Directive (RoHS) in the European Union:

In response to the EU RoHS Directive, the Company has already imposed strict control according to the requirements of European customers, from the material formulation and process specifications, to ensure the usage volume of restricted heavy metals such as lead and cadmium is under the limitation. Therefore, the Company has not experienced a significant impact on finances and operations.

5.4.2.4 Environmental protection policy

(a) Safety and Health Environmental Protection Policy

The Company's safety and health environmental protection policy is based on the "Safety and Health Environmental Protection Policy" of Formosa Plastics Group signed on February 1st, 2012. Besides pledging to protect the environment and maintain community safety, all employees should enrich their profession; take safety and environmental protection as the basic consideration of any decision. Everyone should lead by example and regard safety, health, and environmental protection as their responsibility.

We truly believe that the environment protection and industry development are equally important. Ensuring the safety of the products, employee, contractor, plant area and community is not only the corporation social responsibility but also part of the competitiveness of the corporation.

We believe every disaster or accident can be prevented, no matter how big or small it is. Through the values of the Company and the power of organization and system, the working level of each plant can reach to and acceptable standards. To achieve this goal, all the supervisors must have appropriate participation and understanding of the system, provide adequate training and require thorough implementation and continuous improvement to ensure the policy and the goal are achieved.

All the employees should enrich their profession at any time, take safety and environmental protection as the basic consideration of any decision, fully understand the spirit of the system and thoroughly implement the execution of the system, face the problem with the attitude of inquiring into the root of the matter and keep improve and progress with the best operating mode of the industry.

Leading by example, starting from ourselves; maintaining the safety of colleagues, neighbors, and self; maintaining the cleanliness of the natural environment; maintaining the assets of the Company and aiming at perpetual business operation development, these are the responsibilities of each of us.

(b) Energy saving and carbon reduction improvement plan

The Company chooses 2007, the year with the highest carbon emissions over the years, as the base year, and set a carbon reduction target of 20% by 2025 and a carbon reduction target of 35% by 2030. The targets are stricter than the 10% and 20% reduction targets announced by the government in "Greenhouse Gas Reduction and Management Act" in 2015.

The Company aims to reduce water consumption per unit product by 2%, energy consumption by 3%, and waste reduction by 1%. In addition, to follow the concept of "circular economy", the Company requires the discharge of wastewater pollution at the source to be reduced by 5% year by year as the reduction target.

In 2023, the Company invested NT\$1,134,534 thousand, completed 465 energy-saving and green energy improvement projects. Th total benefits is NT\$ 526,533 thousand/year, saving water 4,581 ton/day, steam usage 26 ton/hour, electric usage 9,708 kWh/hour, reducing greenhouse gas emission 126,325 ton-CO_{2e} per year. Those with higher saving benefits are explained as follows:

(1) wastewaters recycle/water usage reduction improvement:

Water saving improvement of recycling cooling water and condensed water of sludge dryer of utility department of polyester fiber division. A total of 79 ton/day water was reduced.

(2) Optimization and improvement of distilling tower:

Steam saving improvement of pre-heating reclaimed water of EG Plant can reduce the CO_{2e} emission volume 2,512 ton/year.

(3) Improvement of combustion equipment:

Fuel Saving improvement of heating furnace exhaust regulation of INA Plant can reduce the CO_{2e} emission volume 905 ton/year.

(4) Improvement of air compressor:

Utility Plant of Chiayi can reduce the CO_{2e} emission volume 5,699 ton/year by lowering the supply pressure of 7K compressed air.

As of January 17, 2024, the continuous improvement projects are 359 and will invest NT\$ 1,134,534 thousand which can reduce greenhouse gas emission around 136,819 ton-CO_{2e} per year.

(c) Improvement of greenhouse gas reduction

The reduction of greenhouse gases has always been a topic of concern for the Company. In 2006, the Company set up the "Greenhouse Gas Inventory Reduction Group" to comprehensively promote the reduction of greenhouse gas inventory. Moreover, the "Energy Conservation, Carbon Reduction, and Pollution Prevention Promotion Organization" was set up to coordinate water and energy conservation as well as pollution prevention throughout the company. The implementation of the "Greenhouse Gas Inventory Reduction Management Method" and the completion of the "Greenhouse Gas Inventory and Reduction Computer Operation" were carried out in the meantime.

In order to achieve the corporate carbon reduction goal, the company actively promotes four carbon reduction strategies, including low-carbon energy transformation, energy saving and carbon reduction circular economy, increasing the use of renewable energy and the application of carbon capture technology.

- (1) Low-carbon energy transformation: Coal-fired boilers in utility plants are replaced by gas-fired boilers, and low-carbon energy sources are used in production plants to replace high-carbon energy sources.
- (2) Energy saving and carbon reduction circular economy: Improve energy efficiency and reduce waste generation.
- (3) Increasing the use of renewable energy: Solar power generation equipment is established on the roof of each plant building. The total planning construction capacity of the Company and Taiwan subsidiaries is 54,662.94KW. The carbon reduction will be 52,035 ton/year by then.
- (4) Application of carbon capture technology: Invest in the expansion of electronic-grade and industrial-grade liquid CO₂ plants and recycle all CO₂ generated in the process

For the annual greenhouse gas emissions, the Company and Taiwan subsidiaries conduct an annual greenhouse gas emission inventory in accordance with the ISO14064-1 standard in all Taiwan plant area and entrusted an impartial third-party to verify the annual greenhouse gas emissions. In 2021, the emission of scope 1 was 2,650,469 ton-CO_{2e}, the emission of Scope 2 was 4,480,146 ton-CO_{2e}, and the unit emission intensity was 2.63 kilotons of CO_{2e}/NT\$100 million of revenue. In 2022, the emission of scope 1 was 1,698,397 ton-CO_{2e}, the emission of Scope 2 was 3,718,060 ton-CO_{2e}, and the unit emission intensity was 2.41 kilotons of CO_{2e}/NT\$100 million of revenue. The inventory for 2023 is expected to be completed in June 2024.

(d) Air pollution prevention and control measures

The Company continues to promote improvement to reduce pollutants in exhaust gas. Based on the principle of best feasible control technology, the Company plans to set up various prevention equipment systems to treat pollutants in exhaust gas, conduct regular inspection to ensure the discharge concentration of various pollutants can meet the national standards.

The main control measures include self-inspection, equipment component inspection, perimeter air quality inspection, and joint odor inspection. For large-scale emission sources, there are automatic monitoring facilities (CEMS) and chimney surveillance video to perform 24-hour real-time monitoring. In the case of abnormalities, alerts will be issued immediately to alert personnel to improve processing. In addition, for units with higher emissions, continue to promote reduction reviews. For example, the coal-fired boilers that installed in the Linkou plant and Shulin plant have been replaced with gas-fired boilers.

Besides cooperate with the environmental impact assessment to implement the control of permitted volume, the Sixth Naptha Cracker plant also established a VOC gas fingerprint

database to compare the sampling analysis results from plants and large storage tanks and to master the source of odor and carry out improvement. Moreover, the Fourier Transform Infrared Spectrometer (FTIR) is equipped to form a plant air pollution safety net for continuous monitor. Furthermore, it is available for mobile use with delivery vehicle.

(e) Water pollution prevention and management measures

In order to comply with the wastewater treatment and discharge management operations, relevant management measures have been formulated in accordance with government regulations, and wastewater reduction operations have been actively promoted. The main measures are as follows:

- (1) Implement the wastewater source management: For the collection, transportation and pre-treatment facilities of household sewage, process or construction wastewater, the Company established regulations for the operation and monitoring of wastewater sources.
- (2) Establish relevant regulations for wastewater treatment processes: Including planning processing facility, rainwater collection and discharge management, emission permit application, operation and reporting record, effluent inspection management and water volume (quality) automatic continuous monitoring operation.
- (3) Each plant regularly reviews and reports wastewaters reduction or reuse.
- (4) Supervision and review operation includes periodic inspection, water quality inspection, etc. If any abnormalities were found, the Company will immediately put them on record for control and tracking improvement.

For the annual water consumption, the Company and Taiwan subsidiaries entrusted an impartial third-party to verify the annual water consumption in all plants. In 2021, the water consumption was 27,183 kilotons, the water intensity was 10.04 kilotons/NT\$100 million of revenue. In 2022, the water consumption was 22,129 kilotons, the water intensity was 9.83 kilotons/NT\$100 million of revenue. The inventory for 2023 is expected to be completed in July 2024.

(f) Waste management measures

In order to achieve resource sustainability and effectively manage waste disposal, the Company starts from the waste reduction of source as a starting point (including source reduction and production process reuse) and finally consider outsourcing treatment. Besides, we take “recycling→incineration→burying” as the order of adoption and formulate various management measures for wastes classification, storage, clearance and disposal:

- (1) Classification and storage after waste production:
Comply with Waste Disposal Act, the Company classifies the general garbage and process waste first and then storing them in containers or collection bins (bags). Storage areas are set up with waterproof (rainproof) facilities, wastewater and odor collection facilities, and signs for management. Storage containers must remain intact and free from rust and leakage.
- (2) Waste clearance and disposal:
A waste management computer system has been set up, including the supplier for cleaning up, cleaning project documentation, and online reporting management to ensure that all business wastes are legally reused or cleaned up.
- (3) Flow tracking:
Through regular follow-up and visits to the cleaning supplier, the Company can control the waste flow, eliminate secondary pollution caused by illegal disposal. Besides, the Company requires the contractor to cooperate with the online declaration and other regulations by attaching relevant statutory documents (such as proper handling certificate or legal clearing list) to file for cleaning fees.

The total amount of waste in every plant of the Company and Taiwan subsidiaries was disclosed in the ESG report in accordance with the GRI guidelines. The total amount in 2021 was 158,021.6 tons, the total amount in 2022 was 114,414.1 ton and the total amount in 2023 was 96,045.56 tons.

(g) Operational management measures for toxic and concerned chemical substances

Besides the compliance with government regulations, efforts are made to strengthen the prevention and management of leakage of toxic and concerned chemical substances. The main management measures include:

- (1) Reduction Management: Through process optimization, improve the operational conversion efficiency to reduce operations or find substitutes to reduce usage and in-plant storage.
- (2) The operation or storage process is enclosed, which effectively reduces the possibility of leakage and reduces the risk of the contact and explosion of personnel.
- (3) Regular implementation of hazard prevention and response drills: Strengthen disaster response capabilities to reduce disaster risks.

5.5 Labor Relations

5.5.1 The Company continues to promote many employees caring programs in order to motivate employees, enhance employee benefits, and driven the employee to have a balance development in aspect such as work, health, life, etc.

5.5.1.1 Employee care and employee welfare measures

(a) Multiple employee benefits:

Besides the items required by law, the Company provides medical fee discounts of Chang Gung Memorial Hospital for employees and their family members, baby bonus, scholarships for employees' children, encouragement bonus for stock purchasing, birthday coupons, wedding and funeral subsidies, holiday gifts and coupons, and comprehensive living facilities in the plant, sick leave pays, death compensation, etc. better than the law required.

(b) Remuneration:

According to the labor market, a reasonable and competitive salary remuneration is set, a stable salary adjustment policy is provided, and holiday bonuses for occasions such as the Dragon Boat Festival, Moon Festival, and Year-End are issued according to the operation status.

(c) Communication structure:

The Company holds supervisor communication meetings at all levels periodically and issue bimonthly enterprise magazines. Employee can also express opinions through employee suggestion boxes or dedicated phone lines.

(d) Innovative incentives:

The Company sets up IE proposal bonuses to encourage employee to discover the abnormalities in work and design a well improvement plan. The Company will award bonuses based on the improvement effectiveness and period, after adopting the plan.

5.5.1.2 Professional Development and Training:

Employees are the company's most important asset and the foundation for perpetual business operation. Apart from providing proper welfare and care, we also hope through a good training environment, we can cultivate outstanding talents with optimism, enthusiasm, professionalism and innovation.

The Company already developed completed personnel training system, including new recruit orientation, basic job training, professional job position training, management trainee training, expatriate training, e-learning and knowledge management system, and other courses (e.g. life and health lectures). Through e-training management system, the employees can complete the training of each stage step by step. The training courses and completion deadlines that each employee required to take are also included in the computer control and will notify each department to conduct the training within the time limit by computer. We expect all the employees to become excellent talents with enthusiasm, innovative ideas and professional and management practices.

5.5.1.3 Retirement system

(a) Retirement Application

Employee may apply for retirement under any of the following conditions:

- ① Where the employee attains the age of 55 and has worked for 15 years.
- ② Where the employee has worked for more than 25 years.
- ③ Where the employee attains the age of 60 and has worked for 10 years.

(b) Retirement Order

Employees are ordered to retire under any of the following situations has occurred:

- ① Where the employee attains the age of 65; however, executives or above are allowed to extend until the age of 70; senior executive president is allowed to extend until the age of 75.
- ② Where the employee is unable to perform his/ her duties due to disability.

(c) Option of pension payment system:

- ① Employee on board before June 30, 2005, who chooses the pension system of the "Labor Standards Law" or temporarily choose not should be conducted according to the "Labor Standards Law". But before June 30, 2010, employee can still choose the pension system of the "Labor Pension Act" and the service period started from the adopting date should be conducted accordingly; the service period before should be conducted according to the "Labor Standards Law". After adopting the "Labor Pension Act", employee cannot choose to adopt the "Labor Standards Law".
- ② Employee on board after July 1, 2005, should adopt the pension payment system of the "Labor Pension Act".

(d) Calculation criteria for pension:

- ① The base of service period before July 31, 1984, should be accounted according to the "Regulations Governing the Retirement of the Factory Workers of Taiwan Province" and calculated by the three months' average wage before retirement. The base of service period before August 1, 1984, should be accounted according to Article 55 of the "Labor Standards Act" and calculated by the six months' average wage before retirement. But the total number of bases of the two shall be no more than 45. In accordance with the Labor Standards Act, 4% of the total wages is contributed to the pension fund on a monthly basis and deposited in the designated pension account in Taiwan banks.
- ② Employee forced to retire due to the disability incurred from the execution of their duties his or her retirement pension calculation should add 20% based on the preceding subparagraph.
- ③ The "Labor Pension Act" came into effect on July 1, 2005. For employees who apply the regulations, the company shall contribute 6% of their monthly wages to their individual pension accounts according to law. The employee who chooses the old system or their seniority reserved prior to the application of the regulation, the years of experience retained in the company before the application of the regulations, shall be handled in accordance with the provisions of the preceding two paragraphs.

5.5.1.4 Employee Code of Conduct or Ethics

(a) In order to clearly define the rights and obligations of employers and employees, and to maintain order in the workplace, the Company has established "Working Rules" in accordance with the law and publicly disclosed at the approval of the competent authority as the base for employee management. The "Working Rules" clearly defined items such as the appointment, promotion, working hours, wages, conduct that should be complied, award, punishment, dismissal, retirement, training, assessment, occupational injury and disease benefit, pension and welfare of the employee.

(b) In order to strengthen the behavior and ethical norms of the employees, employees are required to sign the "Nan Ya Plastics Corp. Employees' Commitment to Observe the Operational Policy Statement," which is summarized as follows:

① Prohibition of Unfair Competition (Antitrust) Policy:

Employees must fully comply with the Fair-Trade Act. The Company encourages employees to gain profit by legal means, any action shall comply with relevant regulations.

② Conflict of interest prevention policy:

When employees are required to engage in business related to the Company, they shall not damage the company's rights and interests. Employees shall not directly or indirectly accept gifts, entertainment or other benefits from any procurement (sales) customer or competitor.

③ Internal Data Policy:

Employees may not disclose any confidential company information or other unpublished information without the written permission of the company and nor can employees use the information mentioned above for personal interests or other business unrelated to the Company. All technical information in personal custody should be returned when resign.

④ Political Activity Policy:

Employees shall not directly or indirectly donate money, services or other valuable items of the Company to any candidate or political party or engage in acts prohibited by relevant laws and regulations, nor can the employees affect the job duties of legislator, political and government official by improper interests.

5.5.1.5 Workplace and employee safety:

- (a) In order to ensure the safety, health and environmental management of each department to prevent accidents and achieve the management objectives of “zero disasters”, ensure the safety and health of employees and neighborhood residents, maintain the integrity of the company's equipment and property, ensure all operations can continue with no issue, and improve the overall business performance, the industrial safety health management rules and related management measures are formulated in accordance with the government safety and health and environmental protection laws and regulations.
- (b) The scope of application includes the occupational safety and health management system and the job duties of various departments, the establishment of various safety and health protection facilities, the establishment of safety operation standards for various operations, the periodic automatic inspection and assessment of safety and health, personnel safety and health, fire education and training, safety and health performance assessment, emergency response planning, disaster simulation exercises, and accident handling.
- (c) There are 12 plants area in the Company and among them 50 plants have passed the ISO 14001 Environmental Management System, the ISO 45001 Occupational Health and Safety Management System and the Taiwan Occupational Safety and Health Management System (TOSHMS).
- (d) To strengthen the management of workplace safety and reduce the risk of harm, the Company actively promotes the “Process Safety Management (PSM)” and sets up PSM personnel at all levels to fully promote and control the PSM management operations of various departments to ensure the quality of PSM operations. The details of the management operations are as follows:
 - ① 14 PSM management items such as “process hazard analysis” and “modification management” are audited one by one at each process plant monthly to ensure that each plant can implement various tasks in accordance with the standard procedures.
 - ② The results of safety management KPIs are reported monthly by each plant to effectively control process safety management risks.
 - ③ “PSM operation communication and PSM personnel Symposium” is hosted every half year to implement the communication of PSM operation and improve the PSM operation quality of each department.
 - ④ The process risk management wrap-up presentation activity was held every year, to improve the level of the whole process risk management analysis and assessment through the wrap-up presentation and observation and learning activities.

- ⑤ "Process hazard analysis" not only promotes the implementation of "process HazOp" evaluation of normal operations, but also applies "procedure HazOp" method to evaluate abnormal operations from 2023.
- (e) The Company regularly or irregularly holds safety and health education training and propaganda meeting. Periodic training such as semi-annual training of stacker and crane operator, etc.; propaganda meeting such as SWAT symposium, recent external major accidents discussion, etc. to ensure all the employees have the appropriate and necessary training. In 2023, 105 classes of safety and health education training were conducted by the President's office. The number of participants was 4,555, and the total number of training hours was 32,784 hours.
- (f) In order to control the working environment of employees and assess the exposure status of hazardous factors, besides setting up detection and alarm equipment at proper location, periodic workplace environmental assessment and process hazard assessment is also carried out to as the basis for improving the workplace environment. Each department should decorate the Safety, health and environment policy and certified site at the obvious access.
- (g) To strengthen the prevention of curling and cutting hazards, grating sensor and emergency cable pull switch were set up; shut down/ power off/ locked must be done when the equipment were abnormal; personnel must use safety knives and cut-resistant gloves to perform cutting operations.
- (h) The Company provides health and education information to the employees periodically. In order to enhance the employees' safety and health awareness, the Company distributes "work hazard reminder cards" and "safety and health manuals" and reminds the employees of operation safety through education, training, and safety observation.
- (i) Conduct annual employee health checkups, including general health checkups, special health checks, health checkups for foreign employees, health checkups for food handlers, etc. and the establishment management of medical health unit such as deployment of medical health unit, management of medical appliance, deployment of first-aid personnel, deployment of medicine etc.

5.5.1.6 Implementation of Employee Welfare and Retirement System: Sound.

5.5.1.7 Implementation of Employee Advanced Study and Training:

In 2023, except the various training courses conducted by each department based on practical needs, the President's Office also coordinated common professional training, such as professional training for new recruit (by division), explanation of ISO 9001, 14001 and 45001, document preparation and internal audit training, quality and technology engineer training, Information security and social engineering phishing email education and training, occupational safety training (refresher), reserve training of supervisory. A total of 141 classes were conducted with 5,670 participants. The total number of training hours was 61,736 hours, and the total cost of education and training was NT\$ 27,630 thousand.

5.5.1.8 Labor and Management Negotiation:

- (a) Participate in the trade union congress, the Board of Supervisors, and hold regular labor-management meetings to establish a labor-management consultation mechanism.
- (b) Establish an employee complaints system to improve labor relations.
- (c) Formulate working rules and personnel management rules, and clearly define the rights and obligations of labor and management and management matters so that employees can fully understand and protect their rights and interests.
- (d) The Company has set up labor union. Labor union has not requested collective bargaining agreement with the company to date due to diverse, open communication channels and active communication and measure of the Company. Thus, no collective bargaining agreement has been signed by far.

5.5.1.9 Implementation of Measures to Protect Employee Rights: Sound.

The company has always attached great importance to employee rights and provided reasonable treatment. In the past five years, the voluntary quitting rate has remained below 0.123%, which fully demonstrates that the company is committed to employee care and workplace safety.

5.5.2 Losses arising as a result of labor disputes in the most recent year up to the date of publishing of this annual report, and disclosure of potential losses in the current and future terms and countermeasures: None.

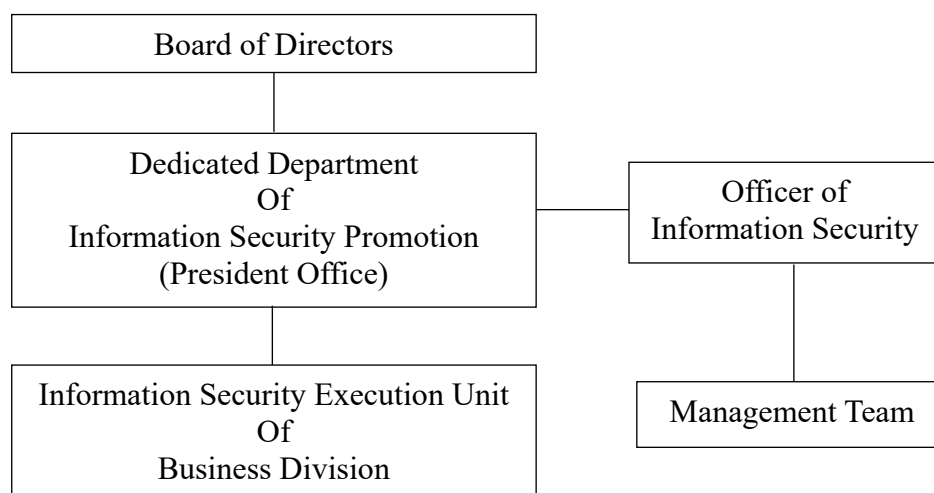
5.6 Information Security Risk Assessment

5.6.1 The policies and specific management schemes on cyber security formulated and resources invested in the management of cyber security by the Company:

To ensure the information security of the Company, relevant regulations were set up and incorporated into the management operation system to comply with legal and regulatory requirements related to information security and protect business secrets and information security when dealing business with employees, customers, and suppliers. The specific management policies and resources investment in 2023 are as follows:

(1) The structure of the information security management:

The company has formulated “Policies & Procedures for Information Security Policy Management”. The dedicated Information Security Department is responsible for directing information security development direction and strategy of the Company, reporting on implementation to the Board of Directors in accordance and convening security and management review meeting annually to review the assessment of information security management system improvement plans and change requirements, ensuring the applicability, suitability, and effectiveness of the information security management system.



(2) Information security policy:

- Ensure the continuous operation of the Company's operating business and provide safe and stable use of information services.
- Ensure the confidentiality, integrity and availability of the information assets kept by the Company and protect the safety of trade secrets.
- Promote International Information Security Standard in accordance to compliance and global market needs.

(3) Information Security Control Measures and Management Policy:

Item	Management Policy
Physical Security	<ul style="list-style-type: none"> • All infrastructure areas of the Company, such as information server room are equipped with access control and CCTV systems.
Internet Security	<ul style="list-style-type: none"> • Implement multi-layered defense architecture, including firewall, DMZ zone, and intrusion detection system. • Malicious URL filtering and advanced persistent threat defense. • When working outside the office VPN mechanism is applied to access resources of the Company.
Device Security	<ul style="list-style-type: none"> • Install antivirus software in all computers and control access to USB devices. • Real-time updating of virus definitions and security patches, and scan virus periodically. • Implement Endpoint Detection and Response to high-risk computers and server. • Include core server system administrator account in the privileged account management system
Application Security	<ul style="list-style-type: none"> • Upgrade the Company's external service website to HTTPS encryption transmission. • Implement Web Application Firewall (WAF) to protect the external service website. • Deploy program source code detection system platform to conduct vulnerability scans of the program source code.
Information Security	<ul style="list-style-type: none"> • Implement controls for internet access, email, and data leakage prevention (DLP) for personal/sensitive information. • Establish secure access policies and strengthen identity authentication for system login. • Implement backup mechanisms for critical systems and database servers periodically.
Education Training	<ul style="list-style-type: none"> • Conduct information security training to all employees of the Company annually. • Enhance employees' awareness of email social engineering and conduct regular exercises to improve information security awareness.
Cybersecurity Testing	<ul style="list-style-type: none"> • Commission external experts to conduct red team exercises periodically.

(4) Resources invested in information security management and dissemination:

- Dedicated information security management unit and personnel was set up under and Information Security Officer at executive manager level was assigned.
- In 2023, 2 meetings were convened to review the information security promotion plans and targets and review the operation and execution results to ensure the effectiveness and implementation of the information and communication security management policy.
- Operational continuity drills are conducted annually. In 2023, 4 key system drills were completed, and the results met the expected objectives.
- Third-party red team offensive and defensive drill are conducted annually, and all vulnerabilities identified during the drills were patched up by 100%
- Quarterly website vulnerability scans and annual system vulnerability scans are conducted and deficiencies that were detected were improved.

- f. In December 2023, the server room in Taishan finished its first reinspection for ISO 27001 Certification.
- g. In August 2023, the research and development server room in Shulin introduced ISO 27001 Certification and is expected to be finished by 1H 2024.
- h. Established website application firewall (WAF) and program source code detection system platform.
- i. Implement supplier remote maintenance privileged account management system to monitor and record the remote maintenance operations executed by suppliers.
- j. In 2023, the “online education and training for information security” was organized, with a total of 10,963 person-time completed the training and a total of 10,963 training hours.
- k. In 2023, the online education and training for "AEO Supply Chain Security" was organized, with a total of 3,543 person-time completed the training and a total of 1,772 training hours.
- g. In 2023, conducted “Cybersecurity Education Training - OT Industrial Control Security Trends and Ensuring Manufacturing Industry's Secure Digital Transformation” for information security and IT personnel, with a total of 74 person-time and a total of 222 training hours.
- h. In 2023, email social engineering drills for employee was organized, with a total of 6,498 participants.

5.6.2 If the possible impact and countermeasures caused by a major information security incident cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be stated: The Company has not had any major information security events in the most recent year and as of the date of publication of the annual report.

5.7 Important Contracts

Nature of Contract	Party	Contract start/end date	Main Content	Restrictive Clauses
Distributor Contract	Taiwan Power Company	Since December 1992	Selling excessive power of Chiayi plant to Taiwan Power Company	If no objections, effective every year.
	Taiwan Power Company	Since March 1995	Selling excessive power of Shulin plant to Taiwan Power Company	If no objections, effective every year.
	Taiwan Power Company	Since August 30, 1997	Selling excessive power of Jinxing plant to Taiwan Power Company	If no objections, effective every year.
Technology Cooperation Contract	Eastman Chemical Company	2004.02~2024.06	Co-polyester PETG resin, development of non-PVC semi-rigid film	Limited for PVC film machine
	Sharp Corporation of Japan	2020.12~2024.12	Optical film technology cooperation for high-end displays	When the contract expires, the validity period can be automatically extended for one year.
	Armstrong Flooring Corporation	Since July 1983	Non-asbestos floor tile manufacturing equipment and technology transfer	Export must be handled by technicians and the contract is valid

Nature of Contract	Party	Contract start/end date	Main Content	Restrictive Clauses
	Puriblood Medical Co., Ltd.	2021.03~2031.03	De-leukocyte filter products and blood De-leukocyte production and equipment technology authorization of dual-ion polymers.	If the technology stipulated in the contract is updated, the Company has the priority to obtain the authorization of the updated technology
	Davy Process Technology Ltd. Dow Global Technology Inc.	2008.10~2033.10	Selector30 production technology and basic engineering design for shifting the Oxo reaction of 2-Ethylhexanol plant.	Technology transfer is not allowed
	Idemitsu Kosan Co., Ltd.	2019.08~2034.08	BPA technology licensing contract (Ningbo BPA Phase 2 Expansion)	Technology transfer is not allowed
	Fuji Electric Co., Ltd.	Since March 2011	Vacuum contactor (VCS) manufacturing technology transfer	Sales are limited to Taiwanese companies and related overseas companies. Other regions need to be negotiated on a case-by-case basis.
	Akaoka Chemical Co., Ltd.	Since 2010.09	Molded Transformer (MTR) technology transfer	Only for sales outside Japan
	Hitachi Energy Taiwan Co., Ltd	2020.04~2025.04	161kV Gas Insulated Switchgear	Only sells in Taiwan
	Schneider Electric Taiwan Co., Ltd.	Since February 2022	24/36kV Gas Insulated Switchgear	Only sells in Taiwan and related parties overseas
	PPG Industries Industrial Company	Since September 2016	Glass fiber exclusive authorization contract (PFC Fiber Glass and PFC	If no objections, effective every year.
	NGK Spark Plug Co., Ltd.	2020.01~2028.12	Flip chip package carrier product technical cooperation	None
Long-term Loan contracts	Syndicated loan case arranged Taiwan Bank	2023.07~2025.17	Improve financial structure and enrich working capital.	None
	Taiwan Bank	2023.07~2025.17	Improve financial structure and enrich working capital.	None
	Bank of China Ltd.	2023.11~2025.09	Improve financial structure and enrich working capital.	None
	Mizuho Bank, Ltd.	2022.08~2024.12	Improve financial structure and enrich working capital.	None

Nature of Contract	Party	Contract start/end date	Main Content	Restrictive Clauses
	Mitsubishi Bank (A total of 2 loans)	2022.08~2024.12	Improve financial structure and enrich working capital.	None
	Syndicated loan case arranged Taiwan Bank	2021.08~2026.08	Nan Ya Plastics Corp., Texas applied for long-term loans.	None
	Mega International Commercial Bank Suzhou Branch (Note1)	2022.03~2025.03	Nan Ya Printed Circuit Board Corp. (Kunshan) applied for long-term loans.	None
	Bank of Taiwan, Shanghai Branch (Note2)	2022.06~2025.06	Nan Ya Printed Circuit Board Corp. (Kunshan) applied for long-term loans.	None
	First Bank, Shanghai Branch	2022.06~2025.06	Nan Ya Printed Circuit Board Corp. (Kunshan) applied for long-term loans.	None

Note1: The drawdown period expired on Oct. 1, 2023 without any disbursements, rendering it null and void.

Note2: The drawdown period expired on Dec. 13, 2023 without any disbursements, rendering it null and void.

VI. Financial Information

6.1 Five-Year Financial Summary

1. Condensed Statements of Financial Position and Comprehensive Income– by IFRSs

(1) Condensed Statements of Financial Position – Consolidated by IFRSs

Unit: NT\$ thousands

Year Item		Five-Year Financial Summary (Note1)				
		2023	2022	2021	2020	2019
Current assets		215,138,945	243,213,654	255,907,403	208,837,816	187,476,346
Property, plant and equipment (Note 2)		216,213,265	211,967,022	184,787,735	173,463,751	156,095,364
Intangible assets		1,532,411	1,730,271	1,928,131	2,125,992	2,323,852
Other assets (Note 2)		215,643,332	208,405,209	226,072,117	200,284,788	208,783,117
Total assets		648,527,953	665,316,156	668,695,386	584,712,347	554,678,679
Current liabilities	Before Dist.	127,207,774	170,563,237	113,979,077	119,887,338	83,516,150
	After Dist.	132,759,349	194,355,702	173,460,239	138,921,310	100,963,957
Non-current liabilities		144,236,120	100,651,489	125,975,539	108,238,531	115,591,829
Total liabilities	Before Dist.	271,443,894	271,214,726	239,954,616	228,125,869	199,107,979
	After Dist.	276,995,469	295,007,191	299,435,778	247,159,841	216,555,786
Equity attributable to owners of the parent		360,144,279	375,104,590	414,070,090	344,616,867	344,571,884
Common stock		79,308,216	79,308,216	79,308,216	79,308,216	79,308,216
Capital surplus		27,733,533	27,692,943	26,659,037	26,523,931	26,617,834
Retained earnings	Before Dist.	230,801,650	247,505,467	273,458,343	212,630,726	204,105,146
	After Dist.	225,250,075	223,713,002	213,977,181	193,596,754	186,657,339
Other equity		22,300,880	20,597,964	34,644,494	26,153,994	34,540,688
Treasury stock		-	-	-	-	-
Non-controlling interest		16,939,780	18,996,840	14,670,680	11,969,611	10,998,816
Total equity	Before Dist.	377,084,059	394,101,430	428,740,770	356,586,478	355,570,700
	After Dist.	371,532,484	370,308,965	369,259,608	337,552,506	338,122,893

Note1 : Financial Statements from 2019 to 2023 have been audited by KPMG.

Note2 : Where asset revaluation took place in a specific fiscal year, the revaluation date and revaluation surplus shall be reported in a footnote.

Note3 : During the current fiscal year up to the date of publication of the annual report, a company that is listed on an exchange or has its shares traded on an OTC market shall disclose the most recent financial information audited or reviewed by CPA, if any.

Note4 : The after-distribution data of 2023 are estimated according to the cash dividends resolved by the Board of Directors on March 12, 2024.

Note5 : Where the financial information is notified by Regulator that shall be corrected or restated, it shall be reported with the corrected or restated figures as well as indicating the circumstances and reasons.

(2) Condensed Statements of Financial Position – Stand-alone by IFRSs

Unit: NT\$ thousands

Year Item		Five-Year Financial Summary (Note1)				
		2023	2022	2021	2020	2019
Current assets		86,121,685	96,876,703	112,916,693	97,371,303	96,587,652
Property, plant and equipment (Note 2)		78,189,372	76,227,798	69,003,216	67,150,188	62,826,030
Intangible assets		11,396	16,111	20,826	25,542	30,257
Other assets (Note 2)		404,104,007	403,083,405	411,930,510	361,159,157	358,721,827
Total assets		568,426,460	576,204,017	593,871,245	525,706,190	518,165,766
Current liabilities	Before Dist.	105,724,734	119,862,481	87,075,342	82,290,714	72,889,520
	After Dist.	111,276,309	143,654,946	146,556,504	101,324,686	90,337,327
Non-current liabilities		102,557,447	81,236,946	92,725,813	98,798,609	100,704,362
Total liabilities	Before Dist.	208,282,181	201,099,427	179,801,155	181,089,323	173,593,882
	After Dist.	213,833,756	224,891,892	239,282,317	200,123,295	191,041,689
Equity attributable to owners of the parent		360,144,279	375,104,590	414,070,090	344,616,867	344,571,884
Common stock		79,308,216	79,308,216	79,308,216	79,308,216	79,308,216
Capital surplus		27,733,533	27,692,943	26,659,037	26,523,931	26,617,834
Retained earnings	Before Dist.	230,801,650	247,505,467	273,458,343	212,630,726	204,105,146
	After Dist.	225,250,075	223,713,002	213,977,181	193,596,754	186,657,339
Other equity		22,300,880	20,597,964	34,644,494	26,153,994	34,540,688
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before Dist.	360,144,279	375,104,590	414,070,090	344,616,867	344,571,884
	After Dist.	354,592,704	351,312,125	354,588,928	325,582,895	327,124,077

Note1 : Financial Statements from 2019 to 2023 have been audited by KPMG.

Note2 : Where asset revaluation took place in a specific fiscal year, the revaluation date and revaluation surplus shall be reported in a footnote.

Note3 : During the current fiscal year up to the date of publication of the annual report, a company that is listed on an exchange or has its shares traded on an OTC market shall disclose the most recent financial information audited or reviewed by CPA, if any.

Note4 : The after-distribution data of 2023 are estimated according to the cash dividends resolved by the Board of Directors on March 12, 2024.

(3) Condensed Statements of Comprehensive Income – Consolidated by IFRSs

Unit: NT\$ thousands

Item \ Year	Five-Year Financial Summary (Note1)				
	2023	2022	2021	2020	2019
Operating revenue	259,755,344	355,183,300	411,670,391	273,353,806	286,303,059
Gross profit	19,226,303	53,908,401	103,845,308	39,595,914	28,137,227
Operating income	1,983,852	32,029,840	81,000,040	21,220,106	9,885,385
Non-operating income and expenses	7,146,463	15,520,992	22,463,915	9,217,634	16,803,645
Income before income tax	9,130,315	47,550,832	103,463,955	30,437,740	26,689,030
Profit from Continuing Operation	8,110,047	38,484,719	84,832,825	26,888,091	23,209,523
Income (Loss) from Discontinued Operation	-	-	-	-	-
Net income (Loss)	8,110,047	38,484,719	84,832,825	26,888,091	23,209,523
Other comprehensive income (net after tax)	2,460,450	-12,531,367	6,963,473	-8,108,168	-14,584,450
Total comprehensive income	10,570,497	25,953,352	91,796,298	18,779,923	8,625,073
Net Income attributable to owners of the parent	6,310,050	32,108,977	81,295,023	25,709,049	23,076,123
Net income attributable to non-controlling interests	1,799,997	6,375,742	3,537,802	1,179,042	133,400
Total comprehensive income attributable to owners of the parent	8,769,819	19,479,433	88,348,263	17,624,751	8,608,080
Total comprehensive income attributable to non-controlling interests	1,800,678	6,473,919	3,448,035	1,155,172	16,993
Earnings per share (NT\$)	0.80	4.05	10.25	3.24	2.91

Note1 : Financial Statements from 2019 to 2023 have been audited by KPMG.

Note2 : During the current fiscal year up to the date of publication of the annual report, a company that is listed on an exchange or has its shares traded on an OTC market shall disclose the most recent financial information audited or reviewed by CPA, if any.

Note3 : Loss of discontinued operations shall be reported as the after-tax amount.

Note4 : Where the financial information is notified by Regulator that shall be corrected or restated, it shall be reported with the corrected or restated figures as well as indicating the circumstances and reasons.

(4) Condensed Statements of Comprehensive Income— Stand-alone by IFRSs

Unit: NT\$ thousands

Item \ Year	Five-Year Financial Summary (Note1)				
	2023	2022	2021	2020	2019
Operating revenue	121,040,720	169,184,070	217,460,911	143,405,521	154,799,788
Gross profit	8,180,795	17,361,991	55,514,450	20,401,309	13,933,923
Operating income	-1,571,470	4,552,390	41,250,760	9,173,941	2,882,092
Non-operating income and expenses	7,308,855	28,911,602	48,770,601	18,455,234	21,681,365
Income before income tax	5,737,385	33,463,992	90,021,361	27,629,175	24,563,457
Profit from Continuing Operation	6,310,050	32,108,977	81,295,023	25,709,049	23,076,123
Income (Loss) from Discontinued Operation	-	-	-	-	-
Net income (Loss)	6,310,050	32,108,977	81,295,023	25,709,049	23,076,123
Other comprehensive income (net after tax)	2,459,769	-12,629,544	7,053,240	-8,084,298	-14,468,043
Total comprehensive income	8,769,819	19,479,433	88,348,263	17,624,751	8,608,080
Net Income attributable to owners of the parent	6,310,050	32,108,977	81,295,023	25,709,049	23,076,123
Net income attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of the parent	8,769,819	19,479,433	88,348,263	17,624,751	8,608,080
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share (NT\$)	0.80	4.05	10.25	3.24	2.91

Note1 : Financial Statements from 2019 to 2023 have been audited by KPMG.

Note2 : Loss of discontinued operations shall be reported as the after-tax amount.

Note3 : Where the financial information is notified by Regulator that shall be corrected or restated, it shall be reported with the corrected or restated figures as well as indicating the circumstances and reasons.

2. Matters of material significance which affected the comparability of the above-mentioned condensed financial statements: None.

If any untrue statement is found in the condensed financial statements, the issuer and the CPA shall be held liable in accordance with laws.

3. Names of CPA and audit opinions

(1) Names of CPA and audit opinions for the recent 5 years

Year	CPA Firm	CPA's Name	Auditing Opinion
2019	KPMG Taiwan	Hsin-Yi, Kuo Chi-Lung, Yu	Unmodified opinion
2020	KPMG Taiwan	Hsin-Yi, Kuo Chi-Lung, Yu	Unmodified opinion
2021	KPMG Taiwan	Hsin-Yi, Kuo Chi-Lung, Yu	Unmodified opinion
2022	KPMG Taiwan	Hsin-Yi, Kuo Chi-Lung, Yu	Unmodified opinion
2023	KPMG Taiwan	Hui-Chih, Kou Chun-Kuang, Chen	Unmodified opinion

(2) To meet the internal adjustment of KPMG, we replaced Hui-Chih, Kou and Chi-Lung, Yu with Hui-Chih, Kou and Chun-Kuang, Chen as our CPA since the first quarter of 2023.

6.2 Five-Year Financial Analysis

1. Financial Analysis – Consolidated by IFRSs

Item \ Year (Note 1)		Five-Year Financial Summary				
		2023	2022	2021	2020	2019
Capital structure	Debt ratio (%)	41.86	40.76	35.88	39.02	35.90
	Long-term fund to property, plant and equipment ratio (%)	233.28	224.45	300.19	267.97	301.84
Liquidity	Current ratio (%)	169.12	142.59	224.52	174.20	224.48
	Quick ratio (%)	125.66	108.14	168.97	136.52	169.93
	Times interest earned (times)	3.05	20.35	65.00	19.07	14.74
Operating performance	Accounts receivable turnover (times)	5.79	6.26	7.16	5.65	5.72
	Days sales outstanding	63.03	58.30	50.97	64.60	63.81
	Inventory turnover (times)	4.65	5.45	6.24	5.65	5.70
	Accounts payable turnover (times)	13.23	13.71	14.09	13.04	15.05
	Inventory turnover days	78.49	66.97	58.49	64.60	64.04
	Property, plant and equipment turnover (times)	1.21	1.79	2.30	1.66	1.93
	Total assets turnover (times)	0.40	0.53	0.66	0.48	0.51
Profitability	Return on total assets (%)	1.83	6.09	13.70	4.92	4.36
	Return on total equity (%)	2.10	9.35	21.60	7.55	6.25
	Pre-tax income to paid-in capital ratio (%)	11.51	59.96	130.46	38.38	33.65
	Net margin (%)	3.12	10.84	20.61	9.84	8.11
	Earnings per share (NT\$)	0.80	4.05	10.25	3.24	2.91
Cash flow	Cash flow ratio (%)	28.05	44.15	69.20	34.73	62.62
	Cash flow adequacy ratio (%)	89.03	88.50	88.91	86.15	101.66
	Cash flow reinvestment ratio (%)	1.32	1.86	6.68	3.03	1.60
Leverage	Operating leverage	23.02	2.33	1.41	2.24	4.29
	Financial leverage	-0.99	1.08	1.02	1.07	1.20

Note1 : The Financial Statements from 2019 to 2023 have been audited by KPMG.

Analysis of financial ratio differences for the last two years: (Not required if the difference does not exceed 20%)

1. The times interest earned decreased in 2023 as the net income before tax in 2023 decreased compared with that in 2022.
2. The property, plant and equipment turnover decreased in 2023 as the net sales in 2023 decreased compared with that in 2022.
3. The total assets turnover decreased in 2023 as the net sales in 2023 decreased compared with that in 2022.
4. The return on total assets decreased in 2023 as the net income after tax in 2023 decreased compared with that in 2022.
5. The return on total equity decreased in 2023 as the net income after tax in 2023 decreased compared with that in 2022.
6. The pre-tax income to paid-in capital ratio decreased in 2023 as the net income before tax in 2023 decreased compared with that in 2022.
7. The earnings per share decreased in 2023 as the net income after tax in 2023 decreased compared with that in 2022.
8. The net margin decreased in 2023 as the net income after tax in 2023 decreased compared with that in 2022.
9. The cash flow ratio decreased in 2023 as the net cash flow provided by operating activities in 2023 decreased compared with that in 2022.
10. The cash flow reinvestment ratio decreased in 2023 as the net cash flow provided by operating activities in 2023 increased compared with that in 2022.
11. The operating leverage increased in 2023 as the operating income in 2023 decreased compared with that in 2022.
12. The financial leverage decreased in 2023 as the operating income in 2023 decreased and the financial expenses increased compared with that in 2022.

2. Financial Analysis – Stand-alone by IFRSs

Item		Year (Note 1)	Five-Year Financial Summary				
			2023	2022	2021	2020	2019
Capital structure	Debt ratio (%)		36.64	34.90	30.28	34.45	33.50
	Long-term fund to property, plant and equipment ratio (%)		591.77	598.66	734.45	660.33	708.74
Liquidity	Current ratio (%)		81.46	80.82	129.68	118.33	132.51
	Quick ratio (%)		52.51	55.18	90.90	88.60	99.86
	Times interest earned (times)		3.32	22.23	74.28	21.30	18.10
Operating performance	Account receivable turnover (times)		7.87	8.38	9.78	7.53	7.86
	Days sales outstanding		46.37	43.53	37.33	48.44	46.45
	Inventory turnover (times)		4.12	5.19	6.03	5.58	5.95
	Account payable turnover (times)		11.61	13.00	12.85	10.77	12.18
	Inventory turnover days		88.66	70.38	60.51	65.37	61.38
	Property, plant and equipment turnover(times)		1.57	2.33	3.19	2.21	2.54
	Total assets turnover (times)		0.21	0.29	0.39	0.27	0.29
Profitability	Return on total assets (%)		1.43	5.69	14.69	5.12	4.58
	Return on total equity (%)		1.72	8.14	21.43	7.46	6.41
	Pre-tax income to paid-in capital ratio (%)		7.23	42.19	113.51	34.84	30.97
	Net margin (%)		5.21	18.98	37.38	17.93	14.91
	Earnings per share (NT\$)		0.8	4.05	10.25	3.24	2.91
Cash flow	Cash flow ratio (%)		13.48	36.82	49.12	27.55	47.05
	Cash flow adequacy ratio (%)		80.85	81.23	83.04	79.36	91.85
	Cash flow reinvestment ratio (%)		-1.47	-2.41	3.49	0.85	-0.88
Leverage	Operating leverage		-7.79	5.48	1.24	2.31	6.24
	Financial leverage		0.4	1.49	1.03	1.16	1.91

Note: The Financial Statements from 2018 to 2022 have been audited by KPMG.

Analysis of financial ratio differences for the last two years: (Not required if the difference does not exceed 20%)

1. The times interest earned decreased in 2023 as the net income before tax in 2023 decreased compared with that in 2022.
2. The inventory turnover decreased in 2023 as the cost of goods sold in 2023 decreased compared with that in 2022.
3. The inventory turnover days decreased in 2023 as the inventory turnover decreased compared with that in 2022.
4. The property, plant and equipment turnover decreased in 2023 as the net sales in 2023 decreased compared with that in 2022.
5. The total assets turnover decreased in 2023 as the net sales in 2023 decreased compared with that in 2022.
6. The return on total assets decreased in 2023 as the net income after tax in 2023 decreased compared with that in 2022.
7. The return on total equity decreased in 2023 as the net income after tax in 2023 decreased compared with that in 2022.
8. The pre-tax income to paid-in capital ratio decreased in 2023 as the net income before tax in 2023 decreased compared with that in 2022.
9. The net margin decreased in 2023 as the net income after tax in 2023 decreased compared with that in 2022.
10. The earnings per share decreased in 2023 as the net income after tax in 2023 decreased compared with that in 2022.
11. The cash flow ratio decreased in 2023 as the net cash flow provided by operating activities in 2023 decreased compared with that in 2022.
12. The cash flow reinvestment ratio increased in 2023 as the cash dividends distribution in 2023 decreased compared with that in 2022.
13. The operating leverage increased in 2023 as the operating income in 2023 decreased compared with that in 2022.
14. The financial leverage decreased in 2023 as the operating income in 2023 decreased and the financial expenses increased compared with that in 2022.

The above ratios of financial analysis are calculated based on the following equations:

1. Capital structure

- (1) Debt ratio = Total liabilities / Total assets
- (2) Long-term fund to property, plant and equipment ratio = (Total equity + non-current liabilities) / Net property, plant and equipment

2. Liquidity

- (1) Current ratio = Current assets / Current liabilities
- (2) Quick ratio = (Current assets – inventory – prepaid expenses) / Current liabilities
- (3) Times interest earned = Net Income before tax and interest expenses / Interest expenses

3. Operating performance

- (1) Account receivable turnover (including accounts receivable and notes receivable) = Net sales / Average account receivable (including account receivable and notes receivable) balance
- (2) Days sales outstanding = 365 / Receivable turnover
- (3) Inventory turnover = Cost of goods sold / Average inventory
- (4) Account payable turnover (including accounts payable and notes payable) = Cost of goods sold / Average account payable (including account payable and notes payable) balance
- (5) Inventory turnover days = 365 / Inventory turnover
- (6) Property, plant and equipment turnover = Net sales / Average net property, plant and equipment
- (7) Total assets turnover = Net sales / Average total assets

4. Profitability

- (1) Return on total assets = [Net income after tax + interest expense x (1-interest rate)] / Average total assets]
- (2) Return on total equity = Net income after tax / Average shareholders' equity
- (3) Net margin = Net income / Net sales
- (4) Earnings per share = (Net income - preferred stock dividend) / Weighted average number of shares outstanding

5. Cash flow

- (1) Cash flow ratio = Net cash flow provided by operating activities / Current liabilities
- (2) Cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend
- (3) Cash flow reinvestment ratio = (Cash provided by operating activities - cash dividends) / (Gross property, plant and equipment + long-term investments + other noncurrent assets + working capital)

6. Leverage

- (1) Operating leverage = (Operating revenues – variable cost and expense) / Operating Income
- (2) Financial leverage = Operating income / (Operating income – interest expenses)

6.3 Audit Committee's Review Report for the Most Recent Year:

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 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 12, 2024

6.4 Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022,
and Independent Auditors' Report:

Please refer to page 237 to page 335 of the Annual Report.

6.5 Stand-Alone Financial Statements for the Year Ended December 31, 2023 and 2022,
and Independent Auditors' Report:

Please refer to page 326 to page 423 of the Annual Report.

6.6 The Financial Difficulties of the Company and its Affiliated Companies: None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Financial Status

Major reasons for changes in assets, liabilities, and shareholders' equity, as well as related effects in the most recent two fiscal years. If such effects are significant, response measures should be elaborated:

Unit: NT\$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	215,138,945	243,213,654	-28,074,709	-11.54
Non-Current Assets	433,389,008	422,102,502	11,286,506	2.67
Total Assets	648,527,953	665,316,156	-16,788,203	-2.52
Current Liabilities	127,207,774	170,563,237	-43,355,463	-25.42
Non-Current Liabilities	144,236,120	100,651,489	43,584,631	43.30
Total Liabilities	271,443,894	271,214,726	229,168	0.08
Capital stock	79,308,216	79,308,216	0	0.00
Capital surplus	27,733,533	27,692,943	40,590	0.15
Retained Earnings	230,801,650	247,505,467	-16,703,817	-6.75
Others	22,300,880	20,597,964	1,702,916	8.27
Total equity attributable to owners of parent	360,144,279	375,104,590	-14,960,311	-3.99
Non-controlling interests	16,939,780	18,996,840	-2,057,060	-10.83
Total Stockholders' Equity	377,084,059	394,101,430	-17,017,371	-4.32

Note:

1. Current liabilities decreased mainly because of a decrease in current portion of long-term borrowings, bonds payable, other payable and short-term borrowings.
2. Non-Current Liabilities increased mainly because of an increase in long-term borrowings and bonds payable.

7.2 Analysis of Financial Performance

Main reasons that caused the significant changes in operating revenue, operating income and income before tax and its impacts on the most recent two fiscal years:

7.2.1 Financial performance comparison/analysis

Unit: NT\$ thousands

Item \ Year	2023	2022	Difference	%
Gross Sales	265,378,316	362,825,259	-97,446,943	-26.86
Less: Sales Returns	927,358	2,331,871	-1,404,513	-60.23
Sales Allowances	4,695,614	5,310,088	-614,474	-11.57
Net Sales	259,755,344	355,183,300	-95,427,956	-26.87
Cost of Sales	240,519,344	301,276,564	-60,757,220	-20.17
Less: Unrealized (realized) profit from affiliated companies	9,697	-1,665	11,362	682.40
Gross profit	19,226,303	53,908,401	-34,682,098	-64.34
Operating expenses	17,242,451	21,878,561	-4,636,110	-21.19
Operating income	1,983,852	32,029,840	-30,045,988	-93.81
Non-operating income and gains	13,816,629	20,666,103	-6,849,474	-33.14
Non-operating expenses and losses	6,670,166	5,145,111	1,525,055	29.64
Profit before income tax	9,130,315	47,550,832	-38,420,517	-80.80
Less: Income tax expenses	1,020,268	9,066,113	-8,045,845	-88.75
Profit	8,110,047	38,484,719	-30,374,672	-78.93

Note:

1. Gross sales decreased mainly because of decrease in sales price and sales amount.
2. Sales returns decreased mainly because of decrease in sales.
3. Net sales decreased mainly because of decrease in sales price and sales amount.
4. Cost of sales decreased because of decrease in sales.
5. Unrealized (realized) profit from affiliated companies increased mainly because the product which had been sold to affiliated companies by the Company had not been processed and sold out in the current period yet.
6. Gross profit decreased mainly because of the decrease in gross sales was greater than that in cost of sales.
7. Operating expenses decreased mainly because of the decreased in personnel expenses.
8. Operating income decreased mainly because of the decrease in gross sales was greater than that in cost of sales.
9. Non-operating income and gains decreased mainly because of a decrease in foreign exchange gain.
10. Non-operating expenses and losses increased mainly because of a n increase in financial expenses.
11. Profit before income tax decreased mainly because of a decrease in operating income.
12. Income tax expenses decreased mainly because of a decrease in profit before income tax.
13. Profit decreased mainly because of a decrease in operating income.

7.2.2 Expected sales volume and the basis, possible effects on the company's future financial operations, and response plan:

Please refer to “Business Strategy for 2024” of “I. Letters to shareholders”.

7.3 Cash Flow

Analysis of changes in cash flow, improvement plans for liquidity shortage in the most recent fiscal year, and cash liquidity analysis in the upcoming fiscal year:

7.3.1 Analysis of cash flow changes for the most recent fiscal year:

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Cash Outflow	Cash Surplus (Deficit)	Leverage of Cash Liquidity Shortage	
				Investment Plans	Financing Plans
89,444,513	35,677,698	44,821,025	80,301,186	—	—

1. Operating activities:

The net cash inflow from operating activities for this year was NT\$ 35,677,698 thousand, which is mainly due to profit of NT\$ 9,130,315 thousand, the receipt of cash dividends of NT\$6,451,434 thousand and decrease of account receivable of NT\$11,876,137 thousand.

2. Investment Activities:

The net cash outflow from investment activities for the year was NT\$ 31,407,694 thousand, mainly because of the increase in property, plant and equipment of NT\$ 23,957,751 thousand.

3. Financing Activities:

The net cash outflow from financing activities for the year was NT\$ 11,930,459 thousand, mainly because of the distribution of cash dividends of NT\$ 23,833,140 thousand and the increase in short-term and long-term borrowings of NT\$ 13,867,951 thousand.

7.3.2 Remedy for Cash Liquidity Shortage and Liquidity Analysis:

1. There was no cash deficit this year.

2. The liquidity analysis for the most recent two fiscal years is as follows:

Item \ Year	2023	2022	Variance (%)
Cash Flow Ratio (%)	28.05	44.15	-16.10
Cash Flow Adequacy Ratio (%)	89.03	88.50	0.53
Cash Reinvestment Ratio (%)	1.32	1.86	-0.54

Analysis on increase/decrease in ratio:

(1) Cash flow ratio:

The annual cash flow ratio in 2023 was lower than that in 2022, mainly because of a decrease in net cash flow from operating activities of NT\$ 39,618,637 thousand and current liabilities of NT\$ 43,355,463 thousand.

(2) Cash flow adequacy ratio:

The cash flow adequacy ratio in 2023 was higher than that in 2022, mainly because of a decrease in net cash flow from operating activities of NT\$ 18,887,242 thousand, inventory of NT\$ 9,467,658 thousand, and cash dividends of NT\$ 16,566,214 thousand.

(3) Cash reinvestment ratio:

The cash reinvestment ratio in 2023 was lower than that in 2022, mainly because of a decrease in net cash flow from operating activities of NT\$ 39,618,637 and an increased in total fixed assets of NT\$ 18,324,311 and working capital of NT\$ 15,280,754.

7.3.3 Cash liquidity analysis for the coming year:

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Cash Outflow	Cash Surplus (Deficit)	Leverage of Cash Liquidity Shortage	
				Investment Plans	Financing Plans
80,301,186	23,460,493	19,055,006	84,706,673	—	—

1. Operating activities:

It is estimated that the net cash inflow from operating activities in 2024 will be NT\$ 23,460,493 thousand as the company's stable profit will generate net cash inflow from operating activities.

2. Investment Activities:

It is estimated that the net cash outflow of investment activities in 2024 will be NT\$ 5,021,513 thousand, mainly because of the increase in expenditures for plant construction, machinery equipment purchases and long-term investments, etc., resulting in net cash outflows from investment activities.

3. Financing Activities:

It is estimated that the net cash outflow of financing activities in 2024 will be NT\$ 14,033,493 thousand, mainly because of the distribution of cash dividends and the repayment of short-term and long-term borrowings, resulting in net cash outflow from financing activities.

4. It is expected that there will be no cash deficit in the coming year.

7.4 Major Capital Expenditure Item

7.4.1 Major capital expenditure items and source of capital

Unit: NT\$ 100 million

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Estimated Total Capital	Accumulated Expenditure as of Dec. 31.2023	Production Volumes (Ton/Year)	Sales Value
Wide Semi-Rigid Film in Plant II of Renwu	Bank loans or self-capital	2024.06	7.0	4.2	120,000	6.7
De-Leukocyte Blood Capsules in Shulin		2023.07	7.5	7.5	2,970 Thousand Set	6.9
Copolymers with high PIA and PETG in Linkou Spin & Texture Plant		2024.12	5.9	4.2	36,000	25.2
5th Polyester Release Film Production Line in Shulin		2025.02	6.2	4.0	144,000 Thousand M ²	11.0
6th Polyester Release Film Production Line in Shulin		2025.02	6.2	3.3	144,000 Thousand M ²	11.0
Solar Photovoltaic System		2024.12	29.8	4.6	54,663 KW (Capacity)	3.8
The 1st phase expansion of ABF substrate in Shulin	Bank loans or self-capital of subsidiary	2023.03	86.0	86.0	330 Thousand FT ²	43.2
The 2nd phase expansion of ABF substrate in Shulin		2024.01	94.0	79.1	158 Thousand FT ²	56.3
Copper Foil Plant of Huizhou	Capital increased by cash, bank loans or self-capital of subsidiary	2025.06	121.9	0.17	23,400	108.5
2nd phase of BPA in Ningbo		2023.12	54.2	49.0	170,000	88.9
The 2nd phase expansion of ABF substrate in Kunshan	Capital increased by cash and bank loans of subsidiary	2023.03	60.0	60.0	271 Thousand FT ²	44.5
Flexible PVC sheeting in US Texas	Bank loans or self-capital of subsidiary	2024.07	8.1	5.1	14,400	8.4

Note : We will timely adjust the purchase schedules of machinery equipment in accordance with whole economic trend and the needs of new products and new technologies which will not cause any material effect on the Company finances or business.

7.5 Reinvestment Policy in the Most Recent Years

Item	Remarks	Amount (NT\$ thousands)	Policies	Reasons for Gain or Loss	Action Plan	Future Investment Plan
Formosa Smart Energy Tech Corp.		750,000	Long-term investment	Formosa Smart Energy Tech Corp. started the construction of the cell plant with 2.1 GWh and the module plant with 1.1 GWh at Changhua Coastal Industrial Park which will commence production in July, 2024.	None	Investment in new energy storage projects and related equipment for battery cells. Capital increase will be conducted in line with funding requirements.
Nan Ya Plastics Corp., America	reinvest Nan Ya Plastics Corp., Texas	15,675,100	Long-term investment	Enhance working capital and improve financial structure.	None	None
Formosa Resources Corp.		798,600	Long-term investment	The Iron Bridge iron ore project, a joint investment between Formosa Steel IB Pty., Ltd. and the Australian iron ore company FMG Group, commenced production in Sep. 2023. However, certain equipment and production line technical issues are yet to be resolved and optimized during the initial production phase. As a result, the current iron ore output has not increased, and the project has not yet generated profits.	Ensure stable production and actively assess improvements to certain segments of the long-term pipeline for iron ore cases.	None
Formosa Plastics Construction Corp.		500,000	Long-term investment	The urban renewal project of Formosa Plastics Building was officially approved and announced by the Taipei City Government on August 4, 2023. Construction is scheduled to commence after obtaining the building permit by the end of June 2024.	None	The urban renewal project for Formosa Plastics Building is ongoing.

7.6 Analysis of Risk Management

7.6.1 Interest rate, foreign exchange rates, and inflation rate changes in the most recent year, up to the publication date of this annual report, that can affect the company's revenue and future response measures:

1. Interest rate:

In terms of long-term liabilities under floating interest rate basis (corporate bond included), the Company will carefully assess financial market conditions and consider the implementation of interest rate swap when the interest rate is relatively low to avoid interest rate fluctuation risks. The Company strives to make sure the undertaking interest rate is below the estimated cost of capital of investment plans.

2. Foreign exchange rates:

Insufficient foreign exchange funds in daily operations are addressed by making spot or forward foreign exchange purchases when the exchange rate is favorable. Long-term foreign exchange liabilities are addressed by implementing long-term forward foreign exchange contracts or exchange-for-exchange contracts when the exchange rate is relatively low to minimize the impact of exchange rates on profitability.

3. Inflation Status:

According to Directorate of Budget, Accounting, and Statistics, Executive Yuan, the annual growth rate of consumer prices in 2023 was 2.5%, and the annual growth rate of core consumer prices was 2.58%, both reached the second-highest levels in 15 years. The increase in raw materials and operating costs affected the Company's profitability but inflation is expected to slow down in the coming year.

7.6.2 Policies to high-risk, high-leveraged investments, lending or endorsement guarantees, and derivative transactions, main causes of gain or loss in the most recent year up to the publication of this annual report, and future response measures:

1. Investment under high risks and leverage:

The Company mainly invests in the petrochemical industry, which is a mature and stable industry with low risks. The Company has always maintained stable operations and a sound financial structure. It does not engage in any high-leveraged investment.

2. Lending of capital:

In principle, the Company only issues loans to affiliated companies. The amount is in accordance with Article 15 of Company Act and "Procedures for Loaning Funds to Other Parties" of the Company and granted with the approval of the Board of Directors. Since purposes of loans are mostly short-term fund scheduling, and the borrowers are the parent company, subsidiaries, and affiliated companies, no bad debt loss has occurred.

3. Endorsement guarantees:

The Company only endorses and guarantees the parent company, subsidiaries, affiliated companies, or invested companies whose endorsement guarantees are made by each shareholder in accordance with its shareholding ration due to joint investment. The endorsement guarantee is mostly for funding guarantee; relevant procedures are handled in accordance with "Procedures for Providing Endorsements and Guarantees to Other Parties" of the Company and granted with the approval of the Board of Directors. There have never been losses due to endorsement guarantees.

4. Derivative transactions:

The Company's various derivative transactions are for avoiding market risks caused by fluctuations in foreign exchange rates and interest rates. In addition, they are not used for arbitrage and speculation. Execution is based on the relevant regulations and International Financial Reporting Standards (IFRS) promulgated by the regulator. It is equally based on the "Procedures for Engaging in Derivatives Transactions of the Company" and the "Foreign Exchange Trading and Risk Management Measures" defined by the Company.

The Company's various derivative transactions are all conducted by financial department of Group Administration. To comply with the risk control principles which the functions of dealing, confirmation and settlement of derivatives transactions shall be performed by different personnel, the Company set up foreign exchange transaction group and risk management group in the financial department. After foreign exchange transaction group complete the transactions, relevant transaction details would be reviewed by risk management group and other financial institutions and only then settlement would be conducted. Once any abnormal transaction was found, solutions should be planned and submitted to the highest supervisor of financial department. The improvement should be followed up.

In accordance with risks and periods of derivative and adopt long-term credit rating as an indicator, counterparties should be applicable to different credit rating to avoid default risk caused by abnormal credit. In addition, it should be reviewed every 6 months to avoid losses due to any default risk.

The Company also set up an internal auditing department individually apart from financial department of Group Administration. In addition to review every outcome and appropriateness of hedging transactions, the internal auditing department prepare audit reports and submit to the supervisors. The follow-up improvements would be kept supervising.

7.6.3 Future research and development (R&D) plan and corresponding budge

The Company's main research and development products are as follows, however the items will be adjusted according to global market conditions and the Company's actual operating status.

R&D project	Estimated total R&D expenditure (NT\$ thousands)	R&D expenditure in 2024 (NT\$ thousands)	Purpose and expected results of R&D project	Scheduled completion date
Cell culture bag	6,000	5,000	Develop and sell cell culture bag, complemented by cell culture equipment of Medigen Biotechnology Corp.	2025.06
Blood sampling tube	8,000	5,000	Sell together with blood bags to increase the variety of medical products.	2025.12
Circuit board cleaner	8,000	5,000	Develop circuit board cleaner for Nan Ya PCB Corp. and other PCB enterprises to increase business items. Low volume manufacture has not been completed.	2024.09
Special film materials for electronics industry	60,000	8,000	Develop solder mask protective film for Nan Ya PCB Corp., currently in low volume manufacture stage.	2024.09
De-leukocyte blood capsules and anti-adhesion films for medical uses	150,000	50,000	To develop medical products including leukocyte-filterable blood capsules and surgical anti-adhesion films.	2024.12
PE Electrofusion Welding fitting development project	30,000	6,000	Selling Self-made PE electrofusion welding fitting covers together with PE pipes to increase sales and profits, and provide the complete PE pipe accessories to customers.	2024.06
PE pipe for underground fire protection service	17,405	1,000	Currently applying for a fire inspection to ensure comprehensive compliance with all locations.	2024.12
Co-Extrusion APET sheet	155,560	46,800	Develop co-extrusion multi-functional APET sheet for the expansion of application and sales.	2025.06

R&D project	Estimated total R&D expenditure (NT\$ thousands)	R&D expenditure in 2024 (NT\$ thousands)	Purpose and expected results of R&D project	Scheduled completion date
AI high-end servers and network communication Copper Clad Laminate	1,800	1,500	AI server computing speed and frequency have been greatly improved. CCL need to have a lower loss tangent. Reduce Df to meet market demand.	2024.12
Voltage-resistant copper foil substrate for electric vehicles and charging station	1,200	1,000	The popularization of electric vehicles and high-speed charging applications require substrates with better voltage resistance.	2024.12
DDR5 memory IC substrate and high thermal conductivity modules materials development	1,500	1,200	Development of IC substrate and module boards for DDR5 memory.	2024.12
VS LiB Copper foil	30,000	30,000	Build electro-forming cell for solid-state battery.	2024.12
ECC-1 Copper foil	10,000	10,000	Build large grain-size copper foil production line.	2024.12
Second generation low dielectric fiberglass cloth	2,000	2,000	Expand the application fields of 5G information and communications infrastructure, mobile device.	2024.12
Low Dk glass fiber	197,281	197,281	To be used for AI servers and 5G communication equipment, the electrical properties of the low Dk glass formula are equivalent to Nittobo NE glass.	2024.09
Low Dk2 glass fiber	100,000	10,000	To be used for AI system and high-speed switches, the electrical properties of the low Dk2 glass formula are equivalent to Nittobo NE2 glass.	2025.06
Low CTE glass fiber	150,000	10,000	Applied to the high-end IC substrate.	2025.06
PETG and PIA Copolymer resins	100,000	450,000	Retrofit existing PET polymer line to produce PETG and PIA Copolymer resins.	2024.12
Recycled PBT resins	216,000	95,000	To be used for specialty fibers and engineering plastics.	2025.01
Recycled TPEE resins and filament	216,000	95,000	To be used for foot wear and waterproof breathable membrane, and used to design single-material products that contribute to recycling and reused.	2025.01
New functional co-polymer	5,000	1,000	To be used for heat resistant co-polyester.	2024.06
Compounded polyester resins for engineering plastics	60,000	20,000	To be used as an industrial material which could be used to design single-material products that contribute to recycling and reused.	2024.06
PCR PET	80,000	25,000	Offering high color consistency, low impurity content, and reduced bisphenol recycled polyester resins to beverage clients.	2024.06
Industrial recycled polyester resins for engineering plastics	80,000	30,000	To be used as an industrial material which could be used to design single-material products that contribute to circular economic.	2024.12
TPEE elastic yarn development	5,000	3,000	For substitute the SPANDEX yarn.	2024.12
Fine denier recycled PET industrial yarn	8,000	8,000	Application to high density & high tenacity sailcloth.	2024.12

R&D project	Estimated total R&D expenditure (NT\$ thousands)	R&D expenditure in 2024 (NT\$ thousands)	Purpose and expected results of R&D project	Scheduled completion date
Dope dyed microfilament	5,000	3,000	Provide brands for clothing application.	2024.11
BHET procedures of Chemical recycled PET yarn made from waste fabrics	40,000	40,000	BHET facilities verification of Chemical recycle PET yarn made from waste fabrics that provide brands for clothing application.	2024.12
High transparency and low crystallinity polyester pellets that comply with RIC 1 plastic resin identification code	5,000	3,000	High-transparency plastic container products usually use IPET or PETG, both of which do not comply with RIC 1 plastic recycling specifications. Develop modified polyester granules that comply with RIC 1 specifications, have low crystallinity, high transparency, and excellent processability.	2024.06
Support film and release film for OLED	10,000	5,000	Use for OLED support films and release films, with high cleanliness, low surface resistance and low change in antistatic properties over time.	2024.11

7.6.4 Important domestic and international policy and regulatory environment: changes that has an impact on the company's finances in the most recent year up to the publication of this annual report, and future response measures:

The Company closely monitors all domestic and foreign governmental policies and regulations that might impact the Company's business and financial operations and arranges personnel to receive professional training as needed. During the period of 2023 to February 29, 2024, the following changes or developments in governmental policies and regulations may influence the Company's business and financial operations:

1. On October 21, 2021, the Environmental Protection Administration announced the draft amendment to the "Climate Change Response Act", which was passed by the Legislative Yuan in the third reading on January 10, 2023. The Ministry of Environment has also proposed the imposition of carbon fees on manufacturing and electricity industries that have carbon emissions exceeding 25,000 metric tons, starting from 2025. The collection method will be based on the greenhouse gas emissions of the previous year, and the specific rates have not yet been announced. The Company has been conducting provisional estimates on relevant carbon fees at reasonable rates since 2022, and will continue to pay attention to regulatory developments and ensure compliance accordingly. Furthermore, regarding carbon credits, in coordination with the official launch of the Taiwan Carbon Solution Exchange on August 7, 2023, and the commencement of carbon credit trading, the Company will evaluate the demand for trading in a timely manner.
2. Tai-Zheng-Zhi-Li-Zi No. 11200147631 of the Taiwan Stock Exchange Corporation, dated August 23, 2023, has announced the amendment to the "Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers", stipulating that the minimum number of independent directors of a TWSE listed company is one-third of the seats in the board. This requirement will be applicable to TWSE listed companies with a paid-in capital reaching NT\$10 billion starting from 2024. However, for directors whose terms do not expire in 2024, this requirement shall apply upon the expiration of their terms. In addition, starting from 2024, more than half of independent directors of TWSE listed companies shall not

serve beyond three consecutive terms. However, for directors whose terms do not expire in 2024, this requirement shall apply upon the expiration of their terms. Starting from 2027, all independent directors shall not serve beyond three consecutive terms. However, for directors whose terms do not expire in 2027, this requirement shall apply upon the expiration of their terms. The Company's Directors will be re-elected when their terms expire in 2025, which will be handled in accordance with the regulations

7.6.5 Risks associated with changes in technology (including cyber security risks) and industry in the most recent year up to the publication of this annual report, and future response measures: There is no significant impact on the financial operations of the Company. For details on the measures and management of cyber security risks please refer to “5.6 Information Security Risk Assessment” of “V. Operations Overview”

7.6.6 Changes in corporate image and impact on company's crisis management in the most recent year up to the publication of this annual report, and future response measures: The Company followed the philosophy of “trustworthiness, to aim at the sovereign good, perpetual business operation and dedication to the society”. In the future, we will keep carrying out the philosophy and devoting more resources to the society.

7.6.7 Risks associated with mergers and acquisitions in the most recent year up to the publication of this annual report: None.

7.6.8 Risks associated with capacity expansion in the most recent year up to the publication of this annual report: Please refer to “7.4 Major Capital Expenditure Item” of “VII. Review of Financial Conditions, Financial Performance, and Risk Management”: None.

7.6.9 Risks associated with sales concentration and purchase in the most recent year up to the publication of this annual report, and future response measures:

1. Purchase:

Most of the Company's main raw materials are sourced from the Formosa Plastics Group or the internal vertical integration supply. Therefore, the source, quality, and delivery date are under good control. However, if a company in the group or a division in the Company arranges annual repair or has an equipment failure, it will have to cooperate with the repair schedule or reduce production. In order to respond to customer orders, it is necessary to import raw materials to make up for any

shortcoming. If the petrochemical raw materials market is at a high level, there will be the risk of being forced to import high-priced raw materials in order to meet production needs. Fortunately, the Company maintains good relations with major suppliers and diversifies the procurement areas, so the risks are still acceptable by the Company.

2. Sales:

In the future, global economic will still be affected by multiple factors like inflation, lift rates, the fluctuation of oil price, cross-strait relations, etc. The Company will pay close attention to the trend of industrial relocation in order to diversify the sales area, and increases the proportion of direct sales and distributors in other parts of the world. We integrate the resources of domestic and overseas transfer companies and arrange the best production and sales allocation to diversify the risk of sales over-concentrating through taking Taiwan as an operation center. Besides, we enhance overall competitiveness through assistance of e-commerce and online marketing.

7.6.10 Effects of, risks relating to and response to large share transfers or changes in shareholdings by directors, supervisors, or shareholders with shareholdings of over 10%: None.

7.6.11 Risks associated with changes in management, and future response measures: None.

7.6.12 If there has been any substantial impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving a company director, supervisor, general manager, de facto responsible person, or major shareholder with a stake of more than 10%, and the matter was finalized or remained pending, the prospectus shall disclose the information:

1. The Company versus DBTEL Incorporated (formerly known as DBTEL) (I)

(1) Reason:

The Company's client, DBTEL, placed several orders from the Company concerning LCD monitors since May 2003. However, in June 2004, it decided to cancel some of them, even demanding the Company to postpone its deliver; and in some cases, it went into a certain extent as to refuse accepting the goods delivered by the Company, resulting in a stock up of both raw materials and finished products in the Company's warehouse.

(2) The target amount: US\$ 5,409,815 and NT\$ 100,846,141.

(3) The commencement date of the lawsuit: April 6, 2006.

(4) Major litigants: The Company., DBTEL Incorporated.

(5) Current situation:

According to the syllabus of Tai Shang Zih No.819 in 2021, the Supreme Court made the following decisions on January 5, 2022:

a. The Supreme Court handed the following cases over to the Taiwan High Court for reconsideration:

- (i) The Company's request for the compensation of USD 4,116,460, NT\$ 73,616,980 and NT\$ 27,299,161 (all including principal and interest) from DBTEL concerning Schedules II, III and IV, respectively.
 - (ii) DBTEL's request for the refund on other declarations of provisional execution.
 - b. The Supreme Court rejected DBTEL's counterclaim for refund or reduction of the payment, and instead, ruled in favor of the Company regarding its request for the payment of USD 1,293,355 from DBTEL regarding Schedule I. Among them, USD 129,335 was rejected in the second instance and due to the interests did not exceed NT\$ 1.5 million, it shall not be appeal to the third instance, DBTEL was defeated. The rest of USD1,278,863 were a victory. Regarding the compensation of Schedule II, III and IV, the Supreme Court handed over to the Taiwan High Court for reconsideration. The Company will respond according based on the decision made by the court.
2. The Company versus DBTEL Incorporated (formerly known as DBTEL) (II)
- (1) Reason:
DBTEL filed a lawsuit to the Taipei District Court against the Company, demanding for the original compensation of NT\$ 10 million, which was later increased to NT\$ 1 billion, for the losses it incurred resulting from the delay of its production and customer returns due to the deferred transaction and defective goods delivery by the Company.
 - (2) Target amount: The lawsuit initially requested NT\$10 million, and later extended the request to NT\$1 billion during the first instance process of the proceedings. DBTEL reduced the amount of its appeal statement to NT\$350 million in the second instance trial.
 - (3) The commencement date of the lawsuit: June 29, 2018.
 - (4) Litigants: The Company, DBTEL Incorporated.
 - (5) Current situation:
On April 29, 2021, the Taipei District Court ruled that the Company need not be responsible for any damage and demanded DBTEL to pay for the litigation expenses. DBTEL disagreed with the decision made by the Taipei District Court and filed an appeal to the Taiwan High Court. This case was still in progress, the Company will respond according based on the decision made by the court.
3. Taixi villagers filed a civil litigation
- (1) Reason:
74 people, including Zhang Shufen, a native of Taixi, claimed that gas emissions from Mailiao Industrial Complex caused a total of 29 persons in their families to die or suffer from cancer. In a result, they claimed for damages with the Company and other 4 companies.
 - (2) Target amount: NT\$ 70,176,986.
 - (3) The commencement date of the lawsuit: August 13, 2015.
 - (4) Current situation:
Since there was no legal provision in the regard of plaintiff's claim, the Company has actively put forward a favorable defense. The case was adjudicated by Taiwan Yunlin District Court. Later, Legal Aid Foundation took over the plaintiff in the case as the plaintiff's ad litem and proposed to send the case to the mediation procedure for public nuisance disputes. The Yunlin District Court ruled to stop the lawsuit. The county government was in the process of mediation and after three mediations, the county government decided to wait and begin the discussion after Yunlin District Court finished the judgment. The plaintiff has withdrawn the mediation and currently the case is still on trial by the Yunlin District Court.

7.6.13 Other significant risks and future response measures: None.

7.6.14 The Organizational Structure of Risk Management:

Risk Evaluation Items	Risk Management Unit	Risk Review
1. Interest Rate, Changes in Foreign Exchange Rates, and Inflation	President's Office, Accounting Department, Finance Department, President Office of Formosa Plastics Group	Computer auditing, regular self-inspection, monthly funds meeting, joint meeting of financial executives, Internal Auditing office, the Board of Directors
2. High-risk, high-leveraged investments, lending or endorsement guarantees, and derivative transactions	President's Office, Finance Department, President Office of Formosa Plastics Group	Computer auditing, regular self-inspection, monthly funds meeting, joint meeting of financial executives, Internal Auditing office, the Board of Directors
3. R&D Plans	President's Office, Technical Department of various Divisions, Formosa Plastics Group	Production and sales meeting, business performance meeting, research and development project meeting, the Board of Directors, Internal Auditing office
4. Changes in important domestic and international policy and regulatory	President's Office, Management Office and Technical Department of various Divisions, Legal Affairs Office, President Office of Formosa Plastics Group	Production and sales meeting, business performance meeting, the Board of Directors, Internal Auditing office
5. Changes in technology	President's Office, Management Office of various Divisions, R&D Center, Formosa Plastics Group	Production and sales meeting, business performance meeting, Internal Auditing office, the Board of Directors
6. Changes in corporate image	President's Office, Management Office of various Divisions, Formosa Plastics Group	Production and sales meeting, business performance meeting, the Board of Directors
7. Merger, acquisition and reinvestment	President's Office, Management Office of various Divisions, Formosa Plastics Group	Production and sales meeting, business performance meeting, Internal Auditing office, the Board of Directors
8. Capacity expansion	President's Office, Plant Office and Management Office of various Divisions, Formosa Plastics Group	Production and sales meeting, business performance meeting, Internal Auditing office, the Board of Directors
9. Purchase and sales concentration	President's Office, Management Office of various Divisions, Purchasing Department, President Office of Formosa Plastics Group	Weekly market meeting, production and sales meeting, business performance meeting, Internal Auditing office, the Board of Directors

Risk Evaluation Items	Risk Management Unit	Risk Review
10. Large share transfers or changes in shareholdings by directors, supervisors, or substantial shareholders	President's Office, Stock Office of the Finance Department	Business management meeting, the Board of Directors
11. Change in management	President's Office, Formosa Plastics Group	Business management meeting, the Board of Directors
12. Litigation and non-litigation cases	President's Office, Management Office of various Divisions, Legal Affairs Office	Production and sales meeting, business performance meeting, Internal Auditing office, the Board of Directors
13. Information security	President's Office, Management Office of various Divisions, Formosa Plastics Group	Business management meeting, Internal Auditing office, the Board of Directors

7.7 Other Significant Issues: None.

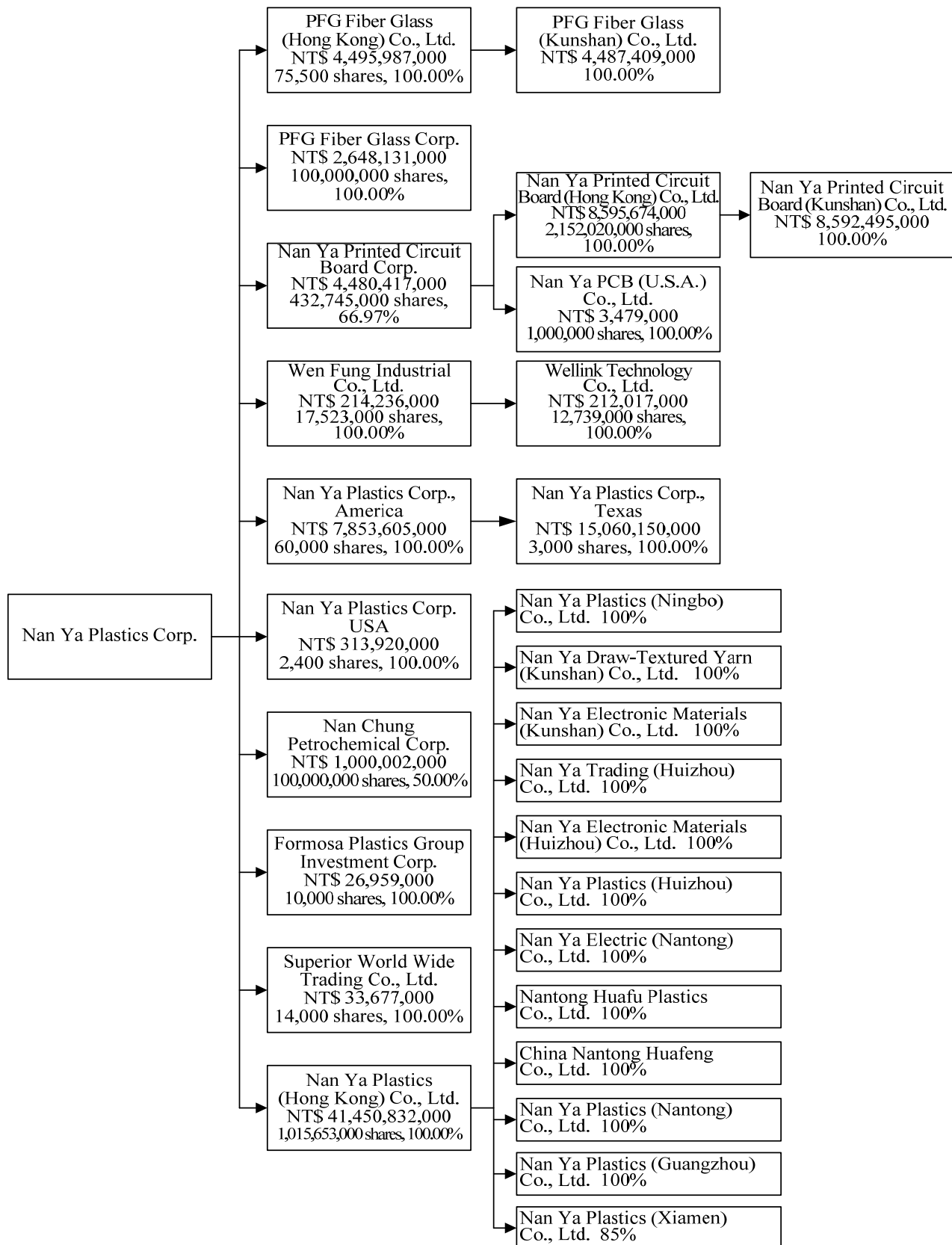
VIII. Other Special Notes

8.1 Summary of Affiliates

8.1.1 Business Report

1. Organizational chart

2023.12.31



Note1: NPC is the control company of above-mentioned subsidiaries. (The shareholdings and % were as of 2023.12.31)

Note2: The investment amount was the original investment cost; unit NT\$ thousands.

Note3: The reinvested companies in mainland area were limited companies, non-share companies.

Information on investment in Mainland-area of Nan Ya Plastics (Hong Kong) Co., Ltd.

Unit: NT\$ thousands

Subsidiaries	Amount Invested	Subsidiaries	Amount Invested
Nan Ya Plastics (Xiamen) Co., Ltd.	738,752	Nan Ya Plastics (Huizhou) Co., Ltd.	2,418,397
Nan Ya Plastics (Guangzhou) Co., Ltd.	1,998,681	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	5,489,509
Nan Ya Plastics (Nantong) Co., Ltd.	3,008,918	Nan Ya Trading (Huizhou) Co., Ltd.	32,267
China Nantong Huafeng Co., Ltd.	99,636	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	15,159,216
Nantong Huafu Plastics Co., Ltd.	71,503	Nan Ya Draw-Textured Yarn (Kunshan) Co., Ltd.	7,035,085
Nan Ya Electric (Nantong) Co., Ltd.	339,275	Nan Ya Plastics (Ningbo) Co., Ltd.	4,273,467

2. Basic information of affiliates

2023.12.31 Unit: Thousands

Subsidiaries	Date of Incorporation	Address	Capital Stock (Note)	Business Activities
Nan Ya PCB Corp.	1997.10.28	7 F., No. 390, Sec. 6, Nanjing E. Rd., Shitan Vil., Neihu Dist., Taipei City 114030, Taiwan (R.O.C.)	NT\$ 6,461,655	Production and Sales of Printed Circuit Board and IC Substrate
Nan Chung Petrochemical Corp.	1996.07.09	No.2-1, Taisu Industrial Park, Mailiao Township, Yunlin County 638, Taiwan (R.O.C.)	NT\$ 2,000,000	Production and Sales of Mono-EG, Di-EG, Tri-EG, Nitrogen, Oxygen, Argon, Liquid Oxygen, and Liquid Nitrogen
Wen Fung Industrial Corp.	1973.07.02	No. 118, Nanlin Rd., Taishan Dist., New Taipei City 243, Taiwan (R.O.C.)	NT\$ 175,234	1.Production of Electronic Components 2.Wholesale of Electronic Materials
Formosa Plastics Group Investment Corp.	1985.08.31	7 F., No. 390, Sec. 6, Nanjing E. Rd., Shitan Vil., Neihu Dist., Taipei City 114030, Taiwan (R.O.C.)	NT\$ 100	1.Investment 2.Other Investment Related Business
PFG Fiber Glass Corp.	1987.08.31	No.2-1, Zhongyang Industrial Park, Hsinkang Township, Chiayi County 616, Taiwan (R.O.C.)	NT\$ 1,000,000	Production and Sales of Glass and Glass Products
Wenling Technology Corp.	2003.11.25	No. 118, Nanlin Rd., Taishan Dist., New Taipei City 243, Taiwan (R.O.C.)	NT\$ 127,385	Production and Sales of Electronic Components
Nan Ya Plastics Corp. USA.	1979.07.12	9 Peach Tree Hill Road, Livingston, NJ 07039, USA	US\$ 12,000	Production and Sales of Rigid PVC Film, A-PET Film and Patio Door
Nan Ya Plastics Corp., America	1989.06.20	9 Peach Tree Hill Road, Livingston, NJ 07039, USA	US\$ 300,000	Production and Sales of EG, Polyester Fiber and Flexible PVC Sheetting
Nan Ya Plastics Corp., Texas	2015.05.20	9 Peach Tree Hill Road, Livingston, NJ 07039, USA	US\$ 490,000	Production and Sales of EG
Nan Ya PCB (U.S.A.) Corp.	2002.06.13	1761 E. McNair Drive, Suite 101 TEMPE, AZ 85283, USA	US\$ 100	Customer Promotion
Nan Ya Plastics (Hong Kong) Co., Ltd.	1990.04.20	Room 707, Citicorp Centre 7/F,18 Whitfield Road, Causeway Bay, Hong Kong	HKD10,156,531	Plastics and Electronic Products Trading
Nan Ya PCB (Hong Kong) Co., Ltd	1999.08.04	Room 707, Citicorp Centre 7/F,18 Whitfield Road, Causeway Bay, Hong Kong	HKD 2,152,020	Electronic Products Trading
Superior World Wide Trading Co, Ltd.	1973.03.30	Room 707, Citicorp Centre 7/F,18 Whitfield Road, Causeway Bay, Hong Kong	HKD 1,400	Plastics Trading
PFG Fiber Glass (Hong Kong) Co., Ltd.	2001.01.08	Room 707, Citicorp Centre 7/F,18 Whitfield Road, Causeway Bay, Hong Kong	US\$ 75,500	Investment
Nan Ya Plastics (Xiamen) Co., Ltd.	1994.06.30	No.2 Xin Mei Road, Xinyang Industrial Zone Haicang District of Xiamen City, Fujian Province, China	US\$ 28,724	Development and Production of PVC Rigid Pipe and Pipe Fittings

Subsidiaries	Date of Incorporation	Address	Capital Stock (Note)	Business Activities
Nan Ya Plastics (Nantong) Co., Ltd.	1996.03.22	No.88 Tongjing Road, Nantong City, Jiangsu Province, China	US\$ 150,500	Production and Sales of Flexible PVC sheeting, Rigid PVC film, PVC leather, Paper Tube, Processing and Grinding of PVC Scrap, PU synthetic leather, PP Non-Woven Fabric, Aluminum Film, Plastic Honeycomb Board, Wood Frame Material, PVC film and Electric Power and Steam
China Nantong Huafeng Co., Ltd.	1984.05.11	No.88 Tongjing Road, Nantong City, Jiangsu Province, China	US\$ 3,300	Wholesale Sales of PVC Leather and PVC sheet
Nantong Huafu Plastics Co., Ltd.	1993.04.13	No.88 Tongjing Road, Nantong City, Jiangsu Province, China	US\$ 2,650	Wholesale Sales of PVC Leather and PVC sheet
Nan Ya Electric (Nantong) Co., Ltd.	2000.10.16	No.88 Tongjing Road, Nantong City, Jiangsu Province, China	US\$ 10,000	Production and Sales of Switchgear and components
Nan Ya Plastics (Guangzhou) Co., Ltd.	1994.05.23	No.1Nan Ya Rd., Jiaoxin Village, Shi Men St., Guang Zhou, Guangdong, China	US\$ 65,000	Production and Sales of Flexible PVC Sheetting, PVC Leather, Rigid PVC Film, Metallized PVC Film, Pipe Fittings, PVC Compound, Metallized Roll and Rubber Roll
Nan Ya Plastics (Huizhou) Co., Ltd	2000.12.18	No. 230 Yongshi Boulevard, Shiwan Town, Boluo County, Huizhou City, Guangdong, China	US\$ 75,300	Production and Sales of PU Synthetic Leather, Casting PVC and Engineering Plastics
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	2002.11.07	No. 230 Yongshi Boulevard, Shiwan Town, Boluo County, Huizhou City, Guangdong, China	US\$ 386,000	Production and Sales of CCL, Glass Fabrics and Copper Foil
Nan Ya Trading (Huizhou) Co., Ltd.	2006.01.10	No. 230 Yongshi Boulevard, Shiwan Town, Boluo County, Huizhou City, Guangdong, China	US\$ 1,000	Import, Export and Wholesale Sales of Materials and Products of Electronic, Plastics and Chemical Fiber
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	2000.08.07	No.201.Chang Jiang South Road, Kunshan Economic and Technical Development Zone, Jiangsu, China	US\$ 463,800	Production and Sales of CCL, Copper Foil, Fiber Glass Fabric, Epoxy · Electric Power And Steam
Nan Ya PCB (Kunshan) Co., Ltd.	2000.08.07	No.201.Chang Jiang South Road, Kunshan Economic and Technical Development Zone, Jiangsu, China	US\$ 204,800	Production and Sales of Printed Circuit Board
PFG Fiber Glass (Kunshan) Co., Ltd.	2001.05.11	No.201.Chang Jiang South Road, Kunshan Economic and Technical Development Zone, Jiangsu, China	US\$ 141,000	Production and Sales of Fiber Glass
Nan Ya Draw-Textured Yam (Kunshan) Co., Ltd.	2002.12.12	No.889 Xin Nan Dong Road, Kunshan Economic and Technical Development Zone, Jiangsu, China	US\$ 214,000	Production and Sales of Polyester Fiber Goods, Dyeing Machining, Electric Power and Steam

Subsidiaries	Date of Incorporation	Address	Capital Stock (Note)	Business Activities
Nan Ya Plastics (Ningbo) Co., Ltd.	2011.01.04	Fpg Ningbo Industrial Park, Ningbo, China	US\$ 153,000	Production and Sales of plasticizer and BPA

Note: The origin investment amount as of December 31, 2023; the capital of related parties set up at mainland China is the registered capital.

3. Shareholders in common of NPC and its subsidiary with deemed control and subordination: None.

4. Business scope of NPC's subsidiary: plastics industry, electronic industry, chemical industry, fiber textile and investment business.

5. Directors, supervisors and presidents of NPC's subsidiaries

Name of Subsidiary	Title (Note1)	Name or Representative	2023.12.31 Unit: shares; %	
			Shareholding (Note2) (Note3)	
Nan Ya PCB Corp.	Chairman	Nan Ya Plastics Corp. (Representative: Chia-Chau Wu)	432,744,977	66.97
	Director	Nan Ya Plastics Corp. (Representative: Wen-Yuan Wong)		
	Director	Nan Ya Plastics Corp. (Representative: Ming-Jen Tzou)		
	Director and President	Ann-De Tang		
	Director	Liang-Rey Lu	194	-
	Director	Kuo-Chun Chiang	0	0
	Director (Independent Director)	Ta-Sheng Lin	0	0
	Director (Independent Director)	Xue-Ren Jian	0	0
Nan Chung Petrochemical Corp.	Director (Independent Director)	Shui-Chi Chuang	0	0
	Chairman	Nan Ya Plastics Corp. (Representative: Chia-Chau Wu)	100,000,000	50.00
	Director	Nan Ya Plastics Corp. (Representative: Wen-Yuan Wong)		
	Director and President	Nan Ya Plastics Corp. (Representative: Ming-Jen Tzou)		
	Director	Nan Ya Plastics Corp. (Representative: Chung-Yueh Shih)		
	Director	China Man-made Fiber Corp. (Representative: Kuei-Shiang Wang)	100,000,000	50.00
	Director	China Man-made Fiber Corp. (Representative: Hung-Yang Wu)		
	Director	China Man-made Fiber Corp. (Representative: Ping-Cing Syu)		
	Supervisor	Jie-Yi Wang	0	0
	Supervisor	Bo-Nian Lin	0	0

Name of Subsidiary	Title (Note1)	Name or Representative	Shareholding (Note2) (Note3)	
			Shares	%
Wen Fung Industrial Co., Ltd.	Chairman	Nan Ya Plastics Corp. (Representative: Chia-Chau Wu)	17,523,387	100.00
	Director	Nan Ya Plastics Corp. (Representative: Wen-Yuan Wong)		
	Director	Nan Ya Plastics Corp. (Representative: Ming-Jen Tzou)		
	Director	Nan Ya Plastics Corp. (Representative: Yeou-Ming Ko)		
	Director	Nan Ya Plastics Corp. (Representative: Jian-Ming Han)		
	Supervisor	Nan Ya Plastics Corp. (Representative: Li-Ta Pai)		
Formosa Plastics Group Investment Corp.	Chairman	Nan Ya Plastics Corp. (Representative: Chia-Chau Wu)	10,000	100.00
	Director	Nan Ya Plastics Corp. (Representative: Wen-Yuan Wong)		
	Director	Nan Ya Plastics Corp. (Representative: Susan Wang)		
	Supervisor	Nan Ya Plastics Corp. (Representative: Li-Ta Pai)		
PFG Fiber Glass Corp.	Chairman	Nan Ya Plastics Corp. (Representative: Chia-Chau Wu)	100,000,000	100.00
	Director	Nan Ya Plastics Corp. (Representative: Wen-Yuan Wong)		
	Director and President	Nan Ya Plastics Corp. (Representative: Ming-Jen Tzou)		
	Supervisor	Nan Ya Plastics Corp. (Representative: Li-Ta Pai)		
Wenling Technology Corp.	Chairman	Wen Fung Industrial Co., Ltd. (Representative: Chia-Chau Wu)	12,738,515	100.00
	Director	Wen Fung Industrial Co., Ltd. (Representative: Ming-Jen Tzou)		
	Director	Wen Fung Industrial Co., Ltd. (Representative: Yeou-Ming Ko)		
	Supervisor	Wen Fung Industrial Co., Ltd. (Representative: Li-Ta Pai)		
Nan Ya Plastics Corp. USA	Chairman	Nan Ya Plastics Corp. (Representative: Wen-Yuan Wong)	2,400	100.00
	Director	Nan Ya Plastics Corp. (Representative: Susan Wang)		
	Director and President	Nan Ya Plastics Corp. (Representative: Chia-Chau Wu)		
	Director	Nan Ya Plastics Corp. (Representative: Ming-Jen Tzou)		
	Director	Nan Ya Plastics Corp. (Representative: Fong-Chin Lin)		
	Director	Nan Ya Plastics Corp. (Representative: Kuei-Yung Wang)		

Name of Subsidiary	Title (Note1)	Name or Representative	Shareholding (Note2) (Note3)	
			Shares	%
Nan Ya Plastics Corp., America	Chairman	Nan Ya Plastics Corp. (Representative: Wen-Yuan Wong)	60,000	100.00
	Director	Nan Ya Plastics Corp. (Representative: Susan Wang)		
	Director and President	Nan Ya Plastics Corp. (Representative: Chia-Chau Wu)		
	Director	Nan Ya Plastics Corp. (Representative: Ming-Jen Tzou)		
	Director	Nan Ya Plastics Corp. (Representative: Fong-Chin Lin)		
Nan Ya Plastics Corp., Texas	Chairman	Nan Ya Plastics Corp., America (Representative: Wen-Yuan Wong)	3,000	100.00
	Director	Nan Ya Plastics Corp., America (Representative: Susan Wang)		
	Director and President	Nan Ya Plastics Corp., America (Representative: Chia-Chau Wu)		
	Director	Nan Ya Plastics Corp., America (Representative: Ming-Jen Tzou)		
	Director	Nan Ya Plastics Corp., America (Representative: Chung-Yueh Shih)		
Nan Ya PCB (U.S.A.) Co., Ltd.	Chairman	Nan Ya PCB Corp. (Representative: Ann-De Tang)	1,000,000	100.00
	Director	Nan Ya PCB Corp. (Representative: Liang-Rey Lu)		
Nan Ya Plastics (Hong Kong) Co., Ltd.	Director	Nan Ya Plastics Corp. (Representative: Chia-Chau Wu)	1,015,653,077	100.00
	Director	Nan Ya Plastics Corp. (Representative: Fong-Chin Lin)		
Nan Ya PCB (Hong Kong) Co., Ltd.	Director	Nan Ya PCB Corp. (Representative: Ann-De Tang)	2,152,020,000	100.00
	Director	Nan Ya PCB Corp. (Representative: Liang-Rey Lu)		
Superior World Wide Trading Co, Ltd.	Director	Nan Ya Plastics Corp. (Representative: Chia-Chau Wu)	14,000	100.00
	Director	Nan Ya Plastics Corp. (Representative: Ming-Jen Tzou)		
	Director	Nan Ya Plastics Corp. (Representative: Shiou-Yeh Sheng)		
PFG Fiber Glass (Hong Kong) Co., Ltd.	Chairman of the Board of Directors	Nan Ya Plastics Corp. (Representative: Chia-Chau Wu)	75,500	100.00
	Director	Nan Ya Plastics Corp. (Representative: Ming-Jen Tzou)		
	Director	Nan Ya Plastics Corp. (Representative: Yao-Ming Shih)		

Name of Subsidiary	Title (Note 1)	Name or Representative	Shareholding (Note 2) (Note 3)	
			Shares	%
Nan Ya Plastics (Xiamen) Co., Ltd.	Chairman	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Chia-Chau Wu)	-	85.00
	Vice Chairman	Xiamen Haicang Investment Group Co., Ltd. (Representative: Wei-Ciang Yang)	-	15.00
	Director and President	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Fong-Chin Lin)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Jhih-Yi Ding)	-	85.00
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Mao-Yin Li)		
	Supervisor	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Li-Ta Pai)		
Nan Ya Plastics (Nantong) Co., Ltd.	Supervisor	Xiamen Haicang Investment Group Co., Ltd. (Representative: Hsiang-Ching Tseng)	-	15.00
	Chairman	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Chia-Chau Wu)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Ming-Jen Tzou)		
	Director and President	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Fong-Chin Lin)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Zo-Chun Jen)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Jhih-Yi Ding)	-	100.00
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Shiou-Yeh Sheng)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Yung-Fang Chang)		
	Director and Vice President	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Jyun-Sian Lin)		
	Supervisor	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Li-Ta Pai)		
China Nantong Huaifeng Co., Ltd.	Chairman	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Chia-Chau Wu)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Fong-Chin Lin)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Shiou-Yeh Sheng)	-	100.00
	Director and President	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Jyun-Sian Lin)		
	Supervisor	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Li-Ta Pai)		
Nantong Huaifu Plastics Co., Ltd.	Chairman	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Chia-Chau Wu)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Fong-Chin Lin)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Shiou-Yeh Sheng)	-	100.00
	Director and President	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Jyun-Sian Lin)		
	Supervisor	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Li-Ta Pai)		

Name of Subsidiary	Title (Note1)	Name or Representative	Shareholding (Note2) (Note3)	
			Shares	%
Nan Ya Electric (Nantong) Co., Ltd.	Chairman	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Da-Cheng Liou)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Chia-Chau Wu)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Ming-Jen Tzou)		
	Director and President	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Zo-Chun Jen)	-	100.00
		Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Yung-Fang Chang)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Jyun-Sian Lin)		
	Supervisor	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Li-Ta Pai)		
Nan Ya Plastics (Guangzhou) Co., Ltd.	Chairman	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Chia-Chau Wu)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Ming-Jen Tzou)		
	Director and President	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Fong-Chin Lin)		
		Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Jhih-Yi Ding)	-	100.00
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Shiou-Yeh Sheng)		
	Director and Vice President	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Jhong-Jhih Deng)		
		Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Li-Ta Pai)		
Nan Ya Plastics (Huizhou) Co., Ltd	Chairman	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Chia-Chau Wu)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Ming-Jen Tzou)		
	Director and President	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Fong-Chin Lin)		
		Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Jhih-Yi Ding)	-	100.00
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Shiou-Yeh Sheng)		
	Director and Vice President	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Si-Cun Yang)		
		Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Li-Ta Pai)		
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Chairman	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Chia-Chau Wu)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Ming-Jen Tzou)		
	Director and President	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: You-Ming Ke)		
		Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Chi-Hou Ting)	-	100.00
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Si-Cun Yang)		
	Supervisor	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Li-Ta Pai)		
		Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Li-Ta Pai)		

Name of Subsidiary	Title (Note1)	Name or Representative	Shareholding (Note2) (Note3)	
			Shares	%
Nan Ya Trading (Huizhou) Co., Ltd.	Chairman	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Ming-Jen Tzou)	-	100.00
	Director and President	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: You-Ming Ke)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Chi-Hou Ting)		
	Supervisor	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Li-Ta Pai)		
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Chairman and President	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Hung-Cheng Yen)	-	100.00
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Chia-Chau Wu)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Ming-Jen Tzou)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Zo-Chun Jen)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: You-Ming Ke)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Yung-Fang Chang)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Chi-Hou Ting)		
	Supervisor	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Li-Ta Pai)		
	Chairman	Nan Ya PCB (Hong Kong) Co., Ltd. (Representative: Chia-Chau Wu)		
Nan Ya PCB (Kunshan) Co., Ltd.	Director and President	Nan Ya PCB (Hong Kong) Co., Ltd. (Representative: Ann-De Tang)	-	100.00
	Director and Vice President	Nan Ya PCB (Hong Kong) Co., Ltd. (Representative: Yong-Ji Lin)		
	Director	Nan Ya PCB (Hong Kong) Co., Ltd. (Representative: Wang-Luan Li)		
	Director	Nan Ya PCB (Hong Kong) Co., Ltd. (Representative: Kuo-Chun Chiang)		
	Supervisor	Nan Ya PCB (Hong Kong) Co., Ltd. (Representative: Liang-Rey Lu)		
	Chairman	PFG Fiber Glass (Hong Kong) Co., Ltd. (Representative: Chia-Chau Wu)		
PFG Fiber Glass (Kunshan) Co., Ltd.	Director	PFG Fiber Glass (Hong Kong) Co., Ltd. (Representative: Ming-Jen Tzou)	-	100.00
	Director and President	PFG Fiber Glass (Hong Kong) Co., Ltd. (Representative: You-Ming Ke)		
	Director	PFG Fiber Glass (Hong Kong) Co., Ltd. (Representative: Yao-Ming Shih)		
	Director and Vice President	PFG Fiber Glass (Hong Kong) Co., Ltd. (Representative: Ming-Che Liu)		
	Supervisor	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Li-Ta Pai)		

Name of Subsidiary	Title (Note1)	Name or Representative	Shareholding (Note2) (Note3)	
			Shares	%
Nan Ya Draw-Textured Yarn (Kunshan) Co., Ltd.	Chairman	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Chia-Chau Wu)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Ming-Jen Tzou)		
	Director and President	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Chung-Yueh Shih)	-	100.00
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Chang-Ming Tsai)		
	Supervisor	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Li-Ta Pai)		
Nan Ya Plastics (Ningbo) Co., Ltd.	Chairman	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Chia-Chau Wu)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Ming-Jen Tzou)		
	Director and President	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Chung-Yueh Shih)		
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Yu-Sheng Chen)	-	100.00
	Director	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Yu-Lung Huang)		
	Supervisor	Nan Ya Plastics (Hong Kong) Co., Ltd. (Representative: Li-Ta Pai)		

Note1: If the subsidiary is a foreign company, the equivalent position shall be listed.

Note2: If the invested company is a corporation, number of shares and percentage of shareholding shall be listed; others shall disclose the amount and portion of the contribution to the capital.

Note3: If the director or supervisor is a juristic person, the relevant information of representative shall be disclosed.

6. Operational highlights of NPC's subsidiaries

		2023.12.31 Unit: NT\$ thousands						
Company	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Net income	Earnings per share (NT\$) (After-Tax)
Nan Ya PCB Corp.	6,461,655	70,437,445	22,529,529	47,907,916	42,252,578	6,329,982	5,816,589	9.00
Nan Chung Petrochemical Corp.	2,000,000	2,300,915	420,415	1,880,500	1,657,425	-255,628	-276,194	-1.38
Wen Fung Industrial Co., Ltd	175,234	253,769	52	253,717	0	-711	-7,273	-0.42
Formosa Plastics Group Investment Corp.	100	1,188	50	1,138	0	-53	-53	-5.30
PFG Fiber Glass Corp.	1,000,000	5,780,188	3,872,179	1,908,009	2,738,382	-373,611	-314,687	-3.15
Wenling Technology Corp.	127,385	190,261	58,981	131,280	154,346	-8,367	-8,320	-0.65
Nan Ya Plastics Corp. USA	313,920	5,240,400	2,172,339	3,068,061	4,261,534	235,551	188,015	78,339.58

Company	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Net income	Earnings per share (NT\$) (After-Tax)
Nan Ya Plastics Corp., America	7,853,605	47,364,665	3,305,253	44,059,412	27,191,050	-260,050	-2,365,674	-39,427.90
Nan Ya Plastics Corp., Texas	15,060,150	43,203,855	40,464,864	2,738,991	6,301,865	-2,288,124	-3,606,229	-1,202,076.33
Nan Ya PCB (U.S.A.) Co., Ltd.	3,479	19,640	0	19,640	29,707	2,067	1,356	1.36
Nan Ya Plastics (Hong Kong) Co., Ltd.	41,450,832	118,340,462	6,952,794	111,387,668	67,544,773	782,658	2,000,535	1.97
Nan Ya PCB (Hong Kong) Co., Ltd.	8,595,674	23,838,934	72	23,838,862	0	-98	2,091,411	0.97
Superior World Wide Trading Co., Ltd.	33,685	973,974	4,738	969,236	16,143	-1,533	109,724	7,837.43
PFG Fiber Glass (Hong Kong) Co., Ltd.	2,407,676	8,731,322	787,338	7,943,984	2,996,414	-685,792	-438,592	-5,809.17
Nan Ya Plastics (Xiamen) Co., Ltd.	775,457	1,293,140	103,738	1,189,402	1,297,276	129,948	110,189	-
Nan Ya Plastics (Nantong) Co., Ltd.	4,540,736	10,951,971	642,023	10,309,948	5,008,400	1,022	65,773	-
China Nantong Huafeng Co., Ltd.	93,004	355,113	1,096	354,017	0	-1,139	5,403	-
Nantong Huafu Plastics Co., Ltd.	79,111	106,466	4,511	101,955	0	-94	2,172	-
Nan Ya Electric (Nantong) Co., Ltd.	339,275	1,255,737	136,646	1,119,091	777,665	68,348	76,506	-
Nan Ya Plastics (Guangzhou) Co., Ltd.	1,998,681	1,962,607	188,571	1,774,036	2,111,734	-81,713	-44,991	-
Nan Ya Plastics (Huizhou) Co., Ltd	2,527,462	3,757,096	267,923	3,489,173	2,019,905	5,220	89,848	-
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	12,208,913	22,345,805	6,822,837	15,522,968	11,229,312	201,178	501,529	-
Nan Ya Trading (Huizhou) Co., Ltd.	32,267	60,163	254	59,909	0	-658	395	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	15,159,216	58,590,043	2,896,437	55,693,606	41,472,357	1,114,962	1,541,731	-
Nan Ya PCB (Kunshan) Co., Ltd.	8,592,495	25,723,854	1,899,330	23,824,524	16,772,110	1,689,617	2,091,001	-

Company	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Net income	Earnings per share (NT\$) (After-Tax)
PFG Fiber Glass (Kunshan) Co., Ltd.	4,668,263	8,694,010	446,927	8,247,083	2,996,414	-685,445	-439,576	-
Nan Ya Draw-Textured Yam (Kunshan) Co., Ltd.	7,035,085	3,630,323	5,315,263	-1,684,940	2,480,825	-514,511	-562,333	-
Nan Ya Plastics (Ningbo) Co., Ltd.	4,472,993	14,683,007	1,429,534	13,253,473	11,363,123	-148,505	200,103	-

Note1: All subsidiaries shall be disclosed regardless the scale.

Note2: If the subsidiary is a foreign company, the relevant number shall be disclosed base on its 2023 financial report and exchange to NT\$. The currency is as follow:

	Total assets, Total liabilities	Operating revenue, Operating income, Net income
(1)	1USD = NT\$ 30.735	1USD = NT\$ 31.178
(2)	1HKD = NT\$ 3.9404	1HKD = NT\$ 3.9972
(3)	1CNY = NT\$ 4.3396	1CNY = NT\$ 4.4269

8.1.2 Affiliated Company's Consolidated Financial Statements: same as NPC's Financial Statements.

8.1.3 Consolidated Business Reports of Affiliated Enterprises: None.

8.2 The Status of Private Placement of Securities: None.

8.3 The Subsidiaries of the Company Acquired, Disposed of the Shares of the Company: None.

8.4 Other Necessary Supplement: None.

8.5 The Significant Impacts on Shareholders' Right or Share Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and

Exchange Law of Taiwan in the Most Recent Year and as of the Date of Publication of the Annual Report: None.

**NAN YA PLASTICS CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

Address: 101, Shuiguan Road, Renwu Dist., Kaohsiung City 814, Taiwan
Telephone: (07)371-1411

The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of NAN YA PLASTICS CORPORATION as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, NAN YA PLASTICS CORPORATION and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: NAN YA PLASTICS CORPORATION
Chairman: Wu, Chia-Chau
Date: March 12, 2024

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 and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 requirements. 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 Group'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 11.53% and 11.83% of the consolidated total assets as at December 31, 2023 and 2022, respectively; and the total revenues constituting 13.44% and 13.05% of the consolidated total revenues for the years ended December 31, 2023 and 2022, respectively. The investment in aforementioned investee companies accounted for using the equity method constituted 12.94% and 11.73% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and the related share of profit of associated and joint ventures accounted for using the equity method constituted 51.28% and 11.91% of consolidated total comprehensive income for the years ended December 31, 2023 and 2022, respectively.

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, 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 Chen, Chun-Kuang.

Taipei, Taiwan (Republic of China)
March 12, 2024

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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022			
		Amount	%	Amount	%		
Assets							
Current assets:							
1100	Cash and cash equivalents (notes 6(a) and (w))	\$ 80,301,186	12	89,444,513	13	2100	Short-term borrowings (notes 6(l), (w) and (z))
1110	Current financial assets at fair value through profit or loss (notes 6(b) and (w))	1,641,598	-	1,562,720	-	2110	Short-term notes and bills payable (notes 6(k), (w) and (z))
1120	Current financial assets at fair value through other comprehensive income (notes 6(c), (w) and 8)	32,339,271	5	35,494,677	5	2170	Notes and accounts payable (note 6(w))
1150	Notes receivable, net (notes 6(d) and (w))	3,411,353	1	3,503,958	1	2180	Accounts payable to related parties (notes 6(w) and 7)
1170	Accounts receivable, net (notes 6(d) and (w))	33,821,570	5	45,547,738	7	2200	Other payables (including related parties) (note 7)
1180	Accounts receivable due from related parties (notes 6(d), (w) and 7)	1,121,294	-	1,531,649	-	2280	Current lease liabilities (notes 6(o), (w), (z) and 7)
1200	Other receivables (notes 6(e) and (w))	3,476,429	1	4,511,631	1	2321	Current portion of bonds payable (notes 6(n), (w) and (z))
1210	Other receivables due from related parties (notes 6(e), (w) and 7)	3,299,420	1	2,685,961	-	2322	Current portion of long-term borrowings (notes 6(m), (w) and (z))
130X	Inventories (note 6(f))	50,552,031	7	52,985,302	8	2399	Other current liabilities
1470	Other current assets	5,174,793	1	5,945,505	1		Total current liabilities
	Total current assets	215,138,945	33	243,213,654	36		Non-Current liabilities:
1510	Non-current financial assets at fair value through profit or loss (notes 6(b) and (w))	665,521	-	759,912	-	2530	Bonds payable (notes 6(n), (w) and (z))
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(c) and (w))	19,537,040	3	16,106,851	2	2540	Long-term borrowings (notes 6(m), (w) and (z))
1550	Investments accounted for using equity method (notes 6(g), 7 and 8)	176,181,389	27	171,148,248	26	2570	Deferred tax liabilities (note 6(q))
1600	Property, plant and equipment (notes 6(h), 7 and 8)	216,213,265	33	211,967,022	32	2580	Non-current lease liabilities (notes 6(o), (w), (z) and 7)
1755	Right-of-use assets (notes 6(i) and 7)	911,113	-	1,024,075	-	2640	Net defined benefit liability-non-current (note 6(p))
1782	Intangible assets (note 6(j))	1,521,015	-	1,714,160	-	2645	Guarantee deposits
1812	Technology development expense	11,396	-	16,111	-	2670	Other non-current liabilities
1840	Deferred tax assets (note 6(q))	3,082,742	1	3,632,469	1		Total non-current liabilities
1915	Prepayments for purchase of equipment	3,873,796	1	4,232,262	1		Total liabilities
1937	Overdue receivables (note 6(d))	-	-	-	-		Equity attributable to owners of parent (note 6(r)):
1975	Net defined benefit asset-non-current (note 6(p))	84,358	-	76,970	-	3110	Ordinary shares
1990	Other non-current assets	11,307,373	2	11,424,422	2	3200	Capital surplus
	Total non-current assets	433,389,008	67	422,102,502	64	3300	Retained earnings
	Total assets	\$ 648,527,953	100	665,316,156	100	3400	Others
						36XX	Non-controlling interests
							Total equity
							Total liabilities and equity
							\$ 648,527,953 100 665,316,156 100

See accompanying notes to Consolidated financial statements.

(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, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(t) and 7)	\$ 259,755,344	100	355,183,300	100
5000	Operating costs (notes 6(f), (p), (u), 7 and 12)	240,519,344	93	301,276,564	85
5910	Less: Unrealized profit from affiliated companies (note 7)	9,697	-	(1,665)	-
	Gross profit from operation	<u>19,226,303</u>	<u>7</u>	<u>53,908,401</u>	<u>15</u>
	Operating expenses (notes 6(j), 6(p), (u), 7 and 12):				
6100	Selling expenses	8,179,516	3	12,147,990	3
6200	Administrative expenses	9,052,209	4	9,716,604	3
6450	Expected credit losses (note 6(d))	10,726	-	13,967	-
	Total operating expenses	<u>17,242,451</u>	<u>7</u>	<u>21,878,561</u>	<u>6</u>
	Net Operating income	<u>1,983,852</u>	<u>-</u>	<u>32,029,840</u>	<u>9</u>
	Non-operating income and expenses (notes 6(g), (o), (v) and 7):				
7010	Other income	4,365,013	2	7,496,443	2
7020	Other gains and losses	77,595	-	3,895,914	1
7050	Finance costs	(3,997,897)	(2)	(2,306,156)	-
7060	Shares of profit of associates and joint ventures accounted for using equity method	3,974,170	2	4,818,856	1
7100	Interest income	2,727,582	1	1,615,935	-
	Total non-operating income and expenses	<u>7,146,463</u>	<u>3</u>	<u>15,520,992</u>	<u>4</u>
	Profit before tax	9,130,315	3	47,550,832	13
7950	Less: Income tax expenses (note 6(q))	1,020,268	-	9,066,113	2
	Profit	<u>8,110,047</u>	<u>3</u>	<u>38,484,719</u>	<u>11</u>
8300	Other comprehensive income (loss) (notes 6(g), (q) and (r)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	1,073,938	-	1,710,644	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	5,464	-	(16,259,718)	(5)
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	3,900,784	2	(8,690,004)	(3)
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	214,875	-	341,791	-
	Total items that may not be reclassified subsequently to profit and loss	<u>4,765,311</u>	<u>2</u>	<u>(23,580,869)</u>	<u>(8)</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation	(2,312,780)	(1)	11,058,219	4
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	7,919	-	(8,717)	-
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit and loss	<u>(2,304,861)</u>	<u>(1)</u>	<u>11,049,502</u>	<u>4</u>
8300	Other comprehensive income	<u>2,460,450</u>	<u>1</u>	<u>(12,531,367)</u>	<u>(4)</u>
8500	Total comprehensive income	<u>\$ 10,570,497</u>	<u>4</u>	<u>25,953,352</u>	<u>7</u>
	Profit, attributable to:				
8610	Owners of parent	\$ 6,310,050	2	32,108,977	9
8620	Non-controlling interests	1,799,997	1	6,375,742	2
		<u>\$ 8,110,047</u>	<u>3</u>	<u>38,484,719</u>	<u>11</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 8,769,819	3	19,479,433	5
8720	Non-controlling interests	1,800,678	1	6,473,919	2
		<u>\$ 10,570,497</u>	<u>4</u>	<u>25,953,352</u>	<u>7</u>
	Basic earnings per share (note 6(s)):	Before Tax	After Tax	Before Tax	After Tax
9710	Income from continuing operations	\$ 1.15	1.02	6.00	4.85
	Income from non-controlling equity	(0.43)	(0.22)	(1.78)	(0.80)
9750	Income attributable to shareholders of the parent	<u>\$ 0.72</u>	<u>0.80</u>	<u>4.22</u>	<u>4.05</u>

See accompanying notes to Consolidated financial statements.

(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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of parent													
Retained earnings					Items of other equity interest								
					Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income			Exchange differences on translation of foreign financial statements		Gains (losses) on hedging instruments		Total equity attributable to owners of parent	
Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings									
\$ 79,308,216	26,659,037	73,505,506	106,083,118	93,869,719	(17,523,958)	52,159,582	8,870	414,070,090	14,670,680	Total equity			
-	-	-	-	32,108,977	-	-	-	32,108,977	6,375,742	428,740,770			
-	-	-	-	1,416,986	11,020,069	(25,057,882)	(8,717)	(12,629,544)	98,177	38,484,719			
-	-	-	-	33,525,963	11,020,069	(25,057,882)	(8,717)	19,479,433	6,473,919	(12,531,367)			
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			
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(2,147,759)	(2,147,759)			
Balance at December 31, 2022	79,308,216	27,692,943	112,663,858	53,349,944	(6,503,889)	27,101,700	153	375,104,590	18,996,840	394,101,430			
Profit	-	-	-	6,310,050	-	-	-	6,310,050	1,799,997	8,110,047			
Other comprehensive income	-	-	-	756,853	(2,209,692)	3,904,689	7,919	2,459,769	681	2,460,450			
Total comprehensive income	-	-	-	7,066,903	(2,209,692)	3,904,689	7,919	8,769,819	1,800,678	10,570,497			
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	3,353,520	-	(3,353,520)	-	-	-	-	-	-			
Special reserve appropriated	-	-	4,817,936	(4,817,936)	-	-	-	-	-	-			
Cash dividends of ordinary share	-	-	-	(23,792,465)	-	-	-	(23,792,465)	-	(23,792,465)			
Reversal of special reserve	-	-	(4,656)	4,656	-	-	-	-	-	-			
Other changes in capital surplus:													
Other changes in capital surplus	-	40,590	-	21,745	-	-	-	62,335	(4)	62,331			
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(3,857,734)	(3,857,734)			
Balance at December 31, 2023	\$ 79,308,216	27,733,533	84,845,185	117,477,138	(8,713,581)	31,006,389	8,072	360,144,279	16,939,780	377,084,059			

See accompanying notes to Consolidated financial statements.

(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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 9,130,315	47,550,832
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	22,437,166	19,510,511
Amortization expense	1,007,218	1,042,919
Expected credit losses	10,726	13,967
Net gain on financial assets at fair value through profit or loss	(23,994)	(213,483)
Interest expense	3,997,897	2,306,156
Interest income	(2,727,582)	(1,615,935)
Dividend income	(1,811,176)	(3,527,934)
Shares of profit of associates and joint ventures accounted for using equity method	(3,974,170)	(4,818,856)
Gains on disposal of property, plant and equipment	(2,147)	(627,897)
Property, plant and equipment transferred to expenses	8,406	27,317
Profit from lease modifications	(1,712)	-
Unrealized (realized) profit from affiliated companies	9,697	(1,665)
Unrealized foreign exchange gains	476,118	306,871
Other revenue, overdue dividends and compensation of board and directors	1,895	2,390
(Gains) losses on reversal of impairment loss of property, plant and equipment	(14,033)	16,425
Total adjustments to reconcile profit (loss)	19,394,309	12,420,786
Changes in operating assets and liabilities:		
Decrease in notes receivable	89,546	2,447,073
Decrease in accounts receivable (including related parties)	11,876,137	9,014,469
Decrease in other receivable	1,081,376	2,426,767
Decrease in inventories	2,532,607	3,962,082
Decrease (Increase) in other current assets	1,446,866	(74,309)
Total changes in operating assets	17,026,532	17,776,082
Decrease in notes and accounts payable (including related parties)	(3,631,139)	(3,962,679)
(Decrease) increase in other payable	(2,056,760)	1,182,712
Increase in other current liabilities	859,284	556,697
Decrease in net defined benefit liability	(2,029,682)	(2,208,339)
Total changes in operating liabilities	(6,858,297)	(4,431,609)
Total changes in operating assets and liabilities	10,168,235	13,344,473
Total adjustments	29,562,544	25,765,259
Cash inflow generated from operations	38,692,859	73,316,091
Interest received	2,681,408	1,587,842
Dividends received	6,451,434	16,197,039
Interest paid	(4,019,383)	(2,307,134)
Income taxes paid	(8,128,620)	(13,497,503)
Net cash flows from operating activities	35,677,698	75,296,335
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(276,606)	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6,847	4,250
Proceeds from disposal of financial assets at fair value through profit or loss	41,249	2,422,695
Acquisition of investments accounted for using equity method	(2,048,600)	(1,000,000)
Acquisition of property, plant and equipment	(23,957,751)	(31,241,870)
Proceeds from disposal of property, plant and equipment	149,238	815,870
Decrease (increase) in refundable deposits	77,052	(616,478)
Decrease (increase) in other receivables due from related parties	(613,459)	355,157
Increase in other non-current assets	(4,785,664)	(12,114,825)
Net cash flows used in investing activities	(31,407,694)	(41,375,201)
Cash flows from (used in) financing activities:		
(Decrease) increase in short-term loans	(6,973,279)	15,297,568
Increase in short-term notes and bills payable	900,000	18,500,000
Proceeds from issuing bonds	12,979,826	-
Repayments of bonds	(11,575,000)	(10,775,000)
Proceeds from long-term debt	29,835,470	14,750,000
Repayments of long-term debt	(8,994,240)	(6,012,607)
Increase (decrease) in guarantee deposits received	130,108	(28,768)
Payments of lease liabilities	(145,255)	(120,050)
(Decrease) increase in other non-current liabilities	(397,215)	7,021,833
Cash dividends paid	(23,833,140)	(59,374,150)
Change in non-controlling interests	(3,857,734)	(2,163,645)
Net cash flows used in financing activities	(11,930,459)	(22,904,819)
Effect of exchange rate changes on cash and cash equivalents	(1,482,872)	3,878,772
Net (decrease) increase in cash and cash equivalents	(9,143,327)	14,895,087
Cash and cash equivalents at beginning of period	89,444,513	74,549,426
Cash and cash equivalents at end of period	\$ 80,301,186	89,444,513

See accompanying notes to Consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Nan Ya Plastics Corporation was incorporated on August 22, 1958, and established its factories in Kaohsiung City. The Company engages in the manufacture and sale of plastic products, polyester fibers, petrochemical products, and electronic materials. It has gone through several capital increases and established many divisions. Currently, the Company has the following divisions: plastics, fiber, petrochemical, electronics, and engineering. The Company has 10 manufacturing plants across Taiwan, 1 branch office in Mai-Liao and 1 branch office in Sen-Kong.

(2) Approval date and procedures of the consolidated financial statements:

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 12, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, ROC.

- (b) Basis of preparation

Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- (i) Financial instruments at fair value through profit or loss are measured at fair value;
- (ii) Fair value through other comprehensive income (Available-for-sale) financial assets are measured at fair value;
- (iii) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(r).

Functional and presentation currency

The functional currency of each the Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principle of preparing consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

(ii) List of subsidiaries in the consolidated financial statements:

Investor	The name of subsidiaries	Business activity	Shareholding	
			December 31, 2023	December 31, 2022
The Company	Nan Ya Plastics Corporation U.S.A.	production of plastic products	100.00 %	100.00 %
The Company	Nan Ya Plastics Corporation America	production of plastic, polyester and chemical products	100.00 %	100.00 %
The Company	Formosa Plastics Group Investment Corp.	investment	100.00 %	100.00 %
The Company	Nan Ya Plastics (Hong Kong) Co., Ltd.	plastics and electronic products trading, investment	100.00 %	100.00 %
The Company	Superior World Wide Trading Co., Ltd.	plastics trading, investment	100.00 %	100.00 %
The Company	Nan Ya PCB Corporation	production of printed circuit board	66.97 %	66.97 %
The Company	Wen Fung Industrial Co., Ltd.	production of electronic components	100.00 %	100.00 %
The Company	Nan Chung Petrochemical Corporation	production of chemical products	50.00 %	50.00 %
The Company	PFG Fiber Glass Corporation	production of glass fiber	100.00 %	100.00 %
The Company	PFG Fiber Glass (Hong Kong) Corporation Limited	investment	100.00 %	100.00 %
Nan Ya PCB Corporation	Nan Ya PCB (U.S.A.) Corporation	retargeting	100.00 %	100.00 %
Nan Ya PCB Corporation	Nan Ya PCB (HK) Corporation	electronic materials trading, investment	100.00 %	100.00 %
Nan Ya PCB (HK) Corporation	Nan Ya PCB (Kunshan) Corporation	production of printed circuit board	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Nantong) Co., Ltd.	production of plastic products, steam and electricity	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electric (Nantong) Co., Ltd.	production of switch gear and control panel	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	China Nantong Huafeng Co., Ltd.	trading	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nantong Huafu Plastics Co., Ltd.	trading	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	production of copper clad laminate, glass fabrics, steam and electricity, copper clad, epoxy	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	production of fiber	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Guangzhou) Co., Ltd.	production of plastics products	100.00 %	100.00 %

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Investor	The name of subsidiaries	Business activity	Shareholding	
			December 31, 2023	December 31, 2022
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Huizhou) Co., Ltd.	production of plastics products	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	production of electronic materials, glass fabrics	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Trading (Huizhou) Co., Ltd.	trading	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Xiamen) Co., Ltd.	production of plastic products	85.00 %	85.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd.	production of plastic products and plasticizer	100.00 %	100.00 %
Wen Fung Industrial Co., Ltd.	Wellink Technology Corporation	production of electronic components	100.00 %	100.00 %
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation Texas	production of chemical products	100.00 %	100.00 %
PFG Fiber Glass (Hong Kong) Corporation Limited	PFG Fiber Glass (Kunshan) Co., Ltd.	production of glass fiber	100.00 %	100.00 %

The Company holds fifty-percent voting shares of Nan Chung Petrochemical Corporation (Nan Chung), therefore, the general manager of Nan Chung has been designated by the Company. As the Company has control over the operations of Nan Chung, hence, the Company included Nan Chung as one of its subsidiaries in its consolidated financial statements.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period ; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period date.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period date; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period date. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI); or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

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4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered as sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers the following:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

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- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets) and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment, as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if there is a breach of contract.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations in full. The Group measures its loss allowances at an amount equal to lifetime expected credit loss.

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ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than one year past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Based on its experience, there have been no corporate customer recoveries after six months.

7) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized. See Note 6(f) for further details.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill which is arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to its investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under additional paid in capital. If the additional paid in capital resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription of the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of its related assets or liabilities.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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(j) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics:

- (i) the parties are bound by a contractual arrangement; and
- (ii) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 “Joint Arrangements” defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e. activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group accounts for the assets, liabilities, revenues and expenses in relation to its interest in a joint operation in accordance with the IFRS Accounting Standards applicable to the particular assets, liabilities, revenues and expenses. When assessing whether a joint arrangement is a joint operation or a joint venture, the Group considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement (i.e. joint venturers) in which the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 “Investments in Associates and Joint Ventures”, unless the Group qualifies for exemption from that Standard. Please refer to note 4(i) for the application of the equity method.

When assessing the classification of a joint arrangement, the Group considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Group reevaluates whether the classification of the joint arrangement has changed.

(k) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss. Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

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(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are considered as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated as the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative years are as follows:

- 1) Buildings: 25 to 50 years.
- 2) Machinery and transportation equipment: 7 to 15 years.
- 3) Miscellaneous equipment: 7 to 15 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted as necessary.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

(m) Lease

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment on whether it will exercise a extension or termination option; or
- 5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

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When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of buildings that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group determines whether the lease is a finance lease or an operating lease at commencement date of the contract. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(n) Intangible assets and technical cooperation fee

(i) Intangible assets and technical cooperation fee

Other intangible assets, including intangible assets and technical cooperation fee, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

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(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated as the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- | | |
|------------------------------|------------|
| 1) Goodwill | 15 years |
| 2) Technical cooperation fee | 5~15 years |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted as necessary.

(o) Impairment – Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties, measured at fair value) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(p) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group recognizes revenue when control of the products has transferred, when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group any has objective evidence that all criteria for acceptance have been satisfied.

2) Financing components

The Group expects all customer contracts will transfer goods or services to customers at intervals of no more than one year, as well as payment by the customer. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(q) Contract costs

(i) Incremental costs of obtaining a contract

The Group recognizes the incremental costs of obtaining a contract with a customer as an asset if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

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The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when the amortization period of the asset is in one year.

(ii) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that the global minimum top-up tax is an income tax where the Group is required to pay based on IAS 12 Pillar Two. Therefore, the Group has applied the deferred tax accounting based on the temporary mandatory relief policy. Due to the impacts of the top-up tax, the income tax incurred by the Group during the year will be recognized as current tax.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities ; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax asset are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(t) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The accounting policies involved significant judgments and the information that have significant effect on the amounts recognized in the consolidated financial statements are as follows:

- (a) Judgment of whether the Group has substantive control over its investees-Nanya Technology Corporation

The Group holds 29.29% of the outstanding voting shares of Nanya Technology Corporation, which has a total number of 12 directors in its board, including 3 seats representing the Group. Although the Group is the single largest shareholder of the investee, it has no absolute rights and influence on its management decisions. Therefore, it is determined that the Group does not have control over Nanya Technology Corporation.

- (b) Judgment of whether the Group has substantive control over its investees-Nan YA Photonics Incorporation

The Group holds 23.02% of the outstanding voting shares of Nan YA Photonics Incorporation, which has a total number of 6 directors in its board, including 3 seats representing the Group. However, the Group failed to make an agreement with other shareholders on the collective decision-making which should obtain more than half of the voting rights during a shareholders' meeting. Therefore, it is determined that the Group does not have control over Nan YA Photonics Incorporation.

- (c) Judgment of whether the Group has substantive control over its investees-Formosa Automobile Sales Corporation

The Group holds 45.00% of the outstanding voting shares of Formosa Automobile Sales Corporation, which has a total number of 5 directors, including 2 seats representing the Group. Although the Group is the single largest shareholder of the investee, it has no absolute rights and influence on its management decisions. Therefore, it is determined that the Group does not have control over Formosa Automobile Sales Corporation.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (d) Judgment of whether the Group has substantive control over its investees-Formosa Plastics Transport Corporation

The Group holds 33.33% of the outstanding voting shares of Formosa Plastics Transport Corporation, which has a total number of 7 directors, including 2 seats representing the Group. Although the Group is the single largest shareholder of the investee, it has no absolute rights and influence on its management decisions. Therefore, it is determined that the Group does not have control over Formosa Plastics Transport Corporation.

- (e) Judgment of whether the Group has substantive control over its investees- Formosa Environmental Technology Corporation

The Group holds 26.99% of the outstanding voting shares of Formosa Environmental Technology Corporation, which has a total number of 5 directors, including 1 seat representing the Group. Although the Group is the single largest shareholder of the investee, it has no absolute rights and influence on its management decisions. Therefore, it is determined that the Group does not have control over Formosa Environmental Technology Corporation.

- (f) Judgment of whether the Group has substantive control over its investees-Formosa Fairway Corporation

The Group holds 33.34% of the outstanding voting shares of Formosa Fairway Corporation, which has a total number of 5 directors, including 2 seats representing the Group. Although the Group is the single largest shareholder of the investee, it has no absolute rights and influence on its management decisions. Therefore, it is determined that the Group does not have control over Formosa Fairway Corporation.

- (g) Judgment of whether the Group has substantive control over its investees-Hwa Ya Technology Park Management Consulting Corporation

The Group holds 34.00% of the outstanding voting shares of Hwa Ya Technology Park Management Consulting Corporation, which has a total number of 3 directors, including 1 seat representing the Group. Although the Group is the single largest shareholder of the investee, it has no absolute rights and influence on its management decisions. Therefore, it is determined that the Group does not have control over Hwa Ya Technology Park Management Consulting Corporation.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

- (a) Evaluation of inventories

Because inventories are measured at the lower of cost and net realizable value, the Group evaluates the amount of normal waste, obsolete, and inventories without market price as of the reporting date, and reduces the book value to net realizable value. Such evaluation method depends on the demand of merchandise for a particular period of time in the future; therefore, there might be significant change due to the rapid industry transformation. Please refer to note 6(f) for further description of the evaluation of inventories.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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(b) Measurement of defined benefit obligations

Accrued pension liabilities and resulting pension expenses under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, future salary increase rate, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability. Refer to note 6(p) for further description of the actuarial assumptions and sensitivity analysis.

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Group establishes a measurement and review mechanism for measuring fair value.

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data. For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to note 6(w), financial instruments, for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and Cash Equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 1,265	1,415
Cash in banks	23,004,655	27,967,657
Time deposits	49,505,101	48,529,146
Cash equivalents	<u>7,790,165</u>	<u>12,946,295</u>
Cash and cash equivalents	<u>\$ 80,301,186</u>	<u>89,444,513</u>

Please refer to note 6(w) for the interest rate risk and fair value sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets at fair value through profit or loss

	December 31, 2023	December 31, 2022
Current financial assets designated as at fair value through profit or loss:		
Funds	<u>\$ 1,641,598</u>	<u>1,562,720</u>

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2023	December 31, 2022
Non-current financial assets designated as at fair value through profit or loss:		
Foreign Bonds	\$ 466,584	444,971
Foreign Stocks	198,937	314,941
Total	\$ <u>665,521</u>	<u>759,912</u>

Remeasurement at fair value recognized in profit or loss is disclosed in note 6(v).

(c) Financial assets at fair value through other comprehensive income

Current financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Equity instruments at fair value through other comprehensive income:		
Stocks	\$ <u>32,339,271</u>	<u>35,494,677</u>

Non-current financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Equity instruments at fair value through other comprehensive income:		
Stocks	\$ <u>19,537,040</u>	<u>16,106,851</u>

(i) Equity investments at fair value through other comprehensive income

- 1) The Group designated the investments shown above as equity instruments at fair value through other comprehensive income because these equity instruments represent those investments that the Group intends to hold for long-term for strategic purposes.
- 2) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2023 and 2022.

(ii) For credit risk and market risk; please refer to note 6(w).

(iii) The financial assets at fair value through other comprehensive income of the Group had been pledged as collateral; please refer to note 8.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	\$ 3,422,762	3,512,308
Accounts receivable-measured as amortized cost	35,351,013	47,427,697
Accounts receivable-fair value through profit or loss	12,651	66,713
Overdue receivables	2,053	2,652
Less: Loss allowance	<u>(434,262)</u>	<u>(426,025)</u>
	<u>\$ 38,354,217</u>	<u>50,583,345</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2023 and 2022. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 38,246,645	0.23%~1.52%	253,980
1 to 3 months past due	296,521	1.28%~68.96%	52,231
3 to 6 months past due	74,560	3.08%~88.56%	8,025
6 to 12 months past due	62,942	11.80%~94.98%	12,215
More than 1 year past due	<u>107,811</u>	100%	<u>107,811</u>
	<u>\$ 38,788,479</u>		<u>434,262</u>

	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 50,252,154	0.22%~1.75%	281,738
1 to 3 months past due	525,963	0.39%~56.85%	29,856
3 to 6 months past due	93,108	1.28%~76.13%	7,918
6 to 12 months past due	35,571	9.00%~89.81%	3,939
More than 1 year past due	<u>102,574</u>	100%	<u>102,574</u>
	<u>\$ 51,009,370</u>		<u>426,025</u>

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movement in the allowance for notes and accounts receivable were as follows:

	For the years ended December 31	
	2023	2022
Balance at January 1, 2023 and 2022	\$ 426,025	401,439
Impairment losses recognized	10,726	13,967
Foreign exchange (gains) losses	(2,489)	10,619
Balance at December 31, 2023 and 2022	\$ 434,262	426,025

As of December 31, 2023 and 2022, notes and accounts receivable which were overdue or under legal proceedings amounted to \$2,053 and \$2,652. Such receivables were reclassified to overdue receivables under other assets and provided with a full impairment loss provision.

The Group signed without-recourse factoring and financing contracts with financial institutions. According to these contracts, the net accounts receivable that have matured but are still uncollected will be paid by the financial institutions, except for those affected by trade disputes. As of December 31, 2023 and 2022, the outstanding accounts receivable factoring transactions between the Group and the financial institutions were as follows:

December 31, 2023					
Purchaser	Factoring Balance	Factoring Line	Advanced Amount	Range of Interest Rate	Guarantee project
EXPAFOL S.L.	HSBC Bank	\$ 2,495 USD 500	-	-	None
Gold Circuit Electronics, Ltd	E. Sun Bank	\$ 10,156 150,000	-	-	None

December 31, 2022					
Purchaser	Factoring Balance	Factoring Line	Advanced Amount	Range of Interest Rate	Guarantee project
EXPAFOL S.L.	HSBC Bank	\$ 1,855 USD 500	-	-	None
Gold Circuit Electronics, Ltd	E. Sun Bank	\$ 64,858 150,000	-	-	None

(e) Other receivables

	December 31, 2023	December 31, 2022
Other accounts receivable-other	\$ 3,476,429	4,511,631
Other accounts receivable-loans to associates	3,299,420	2,685,961
Less: Loss allowance	-	-
Total	\$ 6,775,849	7,197,592

Other receivables are financial assets with low credit risk, thus the Group measured the loss allowance based on 12-month expected credit losses.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Inventories

The components of inventories were as follows:

	December 31, 2023	December 31, 2022
Finished goods	\$ 14,552,060	14,885,120
Work in process	13,175,227	13,263,530
Machinery and accessories in process	7,513,389	7,716,895
Raw materials	11,751,541	13,973,802
Supplies	1,745,931	1,625,641
Consigned-out raw materials	1,006,273	375,958
Consigned-out finished goods	21,334	21,121
Goods in transit	<u>786,276</u>	<u>1,123,235</u>
Inventories, net	<u>\$ 50,552,031</u>	<u>52,985,302</u>

The details of the cost of sales were as follows:

	For the years ended December 31	
	2023	2022
Inventory that has been sold	\$ 234,602,419	296,553,250
Write-down of inventories (Reversal of write-downs)	(306,490)	355,136
Unallocated production overheads	<u>6,223,415</u>	<u>4,368,178</u>
	<u>\$ 240,519,344</u>	<u>301,276,564</u>

For the years ended December 31, 2023 and 2022, the amounts of inventories recovery benefit recognized due to changes in inventories prices and the loss of inventories decline recognized due to inventory write-down to net realizable value were recognized as cost of revenue.

As of December 31, 2023 and 2022, the Group did not provide any inventory as collateral for its loans.

(g) Investments accounted for using equity method

The components of the investments accounted for using equity method at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Associates	\$ 175,618,957	170,591,035
Joint ventures	<u>562,432</u>	<u>557,213</u>
	<u>\$ 176,181,389</u>	<u>171,148,248</u>

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Associates

The Group's share of net income of associates was as follows:

	For the years ended December 31	
	2023	2022
The Group's share of net income of associates	\$ <u>3,893,579</u>	<u>4,760,944</u>

- 1) The unrealized translation gain or loss arising from the investment in foreign entities, which was based on exchange rates as of December 31, 2023 and 2022, were recognized in comprehensive income.
- 2) The unrealized sales profits from downstream transactions with investees under the equity method are treated as deductions from gross income. The realized sales profits from downstream sales are added to gross income. Details of these transactions are disclosed in note 7.
- 3) In November 2023, the Group participated in the capital increase by cash of Formosa Plastics Construction Corporation, with the total investment amounting to \$500,000.
- 4) In August 2023, the Group participated in the capital increase by cash of Formosa Resources Corporation, with the total investment amounting to USD 25,000 thousand (equivalent to \$798,600).
- 5) In July 2023, the Group participated in the capital increase by cash of Formosa Smart Energy Tech Corporation, with the total investment amounting to \$750,000.
- 6) In May 2022, the Group invested the amount of \$1,000,000 in Formosa Smart Energy Tech Corporation.
- 7) The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	December 31, 2023	December 31, 2022
Carrying amount of individually insignificant associates' equity	\$ <u>175,618,957</u>	<u>170,591,035</u>
	For the years ended December 31	
	2023	2022
Attributable to the Group:		
Net Income	\$ 3,893,579	4,760,944
Other comprehensive income	<u>3,659,487</u>	<u>(4,949,247)</u>
Total comprehensive income	\$ <u>7,553,066</u>	<u>(188,303)</u>

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Joint ventures

The Group's share of net income of joint venture was as follows:

	For the years ended December 31	
	2023	2022
The Group's share of net income of joint ventures	\$ 80,591	57,912

The Group's financial information on investments in individually insignificant joint venture accounted for using equity method at the reporting date was as follows. This financial information is included in the consolidated financial statements.

	December 31, 2023	December 31, 2022
The carrying value of joint ventures that were not individually material	\$ 562,432	557,213

	For the years ended December 31	
	2023	2022
Attributable to the Group:		
Net income	\$ 80,591	57,912
Other comprehensive income	-	-
Total comprehensive income	\$ 80,591	57,912

(iii) Collateral

As of December 31, 2023 and 2022, the Group provide investment accounted for using equity method as collaterals to any financial institutions or court for its loans; please refer to note 8.

(h) Property, Plant and Equipment

The cost, depreciation, and impairment of property, plant and equipment of the Group were as follows:

	Land	Building and construction	Machinery and equipment	Transportation equipment	Other facilities	Construction in progress	Total
Cost or deemed cost:							
Balance on January 1, 2023	\$ 19,198,613	77,046,486	416,548,705	1,661,912	15,425,545	43,042,874	572,924,135
Additions	-	50,626	1,775,903	9,028	293,337	21,828,857	23,957,751
Disposals	(115)	(3,864)	(6,843,935)	(44,522)	(295,873)	-	(7,188,309)
Reclassification	57,037	1,863,733	33,835,590	33,879	2,414,861	(34,097,839)	4,107,261
Effect of movements in exchange rates	63	(346,254)	(2,056,758)	(4,530)	(83,072)	(61,841)	(2,552,392)
Balance on December 31, 2023	\$ 19,255,598	78,610,727	443,259,505	1,655,767	17,754,798	30,712,051	591,248,446

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Land	Building and construction	Machinery and equipment	Transportation equipment	Other facilities	Construction in progress	Total
Balance on January 1, 2022	\$ 13,486,848	72,830,647	397,671,440	1,605,429	15,092,686	24,703,119	525,390,169
Additions	-	12,938	1,433,969	20,497	318,238	29,456,228	31,241,870
Disposals	(3,325)	(145,399)	(3,313,687)	(53,313)	(669,308)	-	(4,185,032)
Reclassification	5,707,960	2,454,156	12,426,131	57,195	492,136	(11,657,491)	9,480,087
Effect of movements in exchange rates	7,130	1,894,144	8,330,852	32,104	191,793	541,018	10,997,041
Balance on December 31, 2022	<u>\$ 19,198,613</u>	<u>77,046,486</u>	<u>416,548,705</u>	<u>1,661,912</u>	<u>15,425,545</u>	<u>43,042,874</u>	<u>572,924,135</u>
Depreciation and impairment loss:							
Balance on January 1, 2023	\$ -	42,986,796	305,568,396	1,392,161	11,009,760	-	360,957,113
Depreciation for the period	-	2,475,591	18,705,213	69,906	1,007,428	-	22,258,138
Reversal of impairment	-	-	(936)	(7)	(13,090)	-	(14,033)
Disposals	-	(3,585)	(6,708,556)	(43,741)	(276,930)	-	(7,032,812)
Reclassification	-	594	667,471	417	(102,101)	-	566,381
Effect of movements in exchange rates	-	(230,086)	(1,407,155)	(4,033)	(58,332)	-	(1,699,606)
Balance on December 31, 2023	<u>\$ -</u>	<u>45,229,310</u>	<u>316,824,433</u>	<u>1,414,703</u>	<u>11,566,735</u>	<u>-</u>	<u>375,035,181</u>
Balance on January 1, 2022	\$ -	40,187,028	288,317,603	1,354,033	10,743,770	-	340,602,434
Depreciation for the period	-	2,288,597	16,144,831	66,161	858,814	-	19,358,403
Impairment losses	-	-	16,427	-	-	-	16,427
Reversal of impairment	-	-	-	-	(2)	-	(2)
Disposals	-	(136,804)	(3,116,578)	(49,913)	(666,250)	-	(3,969,545)
Reclassification	-	-	(428,616)	-	(12,522)	-	(441,138)
Effect of movements in exchange rates	-	647,975	4,634,729	21,880	85,950	-	5,390,534
Balance on December 31, 2022	<u>\$ -</u>	<u>42,986,796</u>	<u>305,568,396</u>	<u>1,392,161</u>	<u>11,009,760</u>	<u>-</u>	<u>360,957,113</u>
Carrying amounts:							
Balance on December 31, 2023	<u>\$ 19,255,598</u>	<u>33,381,417</u>	<u>126,435,072</u>	<u>241,064</u>	<u>6,188,063</u>	<u>30,712,051</u>	<u>216,213,265</u>
Balance on December 31, 2022	<u>\$ 19,198,613</u>	<u>34,059,690</u>	<u>110,980,309</u>	<u>269,751</u>	<u>4,415,785</u>	<u>43,042,874</u>	<u>211,967,022</u>

(i) Collateral

Please refer to note 8 for the property, plant and equipment pledged to secure bank loans as of December 31, 2023 and 2022.

(ii) Property, plant and equipment under construction

For the years ended December 31, 2023 and 2022, the capitalized interest on borrowings for the purchase of the property, plant and equipment of the Group amounted to \$305,229 and \$143,789, respectively. The capitalized interest rate ranged from 1.1680%~6.7880% and 1.1320%~5.1780% for the years ended December 31, 2023 and 2022, respectively.

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(i) Right-of-use assets

The Group leases many assets including land and buildings, machinery and transportation equipment. Information about leases for which the Group as a lessee is presented below:

	Land	Building and construction	Machinery and equipment	Transportation equipment	Total
Cost :					
Balance on January 1, 2023	\$ 728,302	103,498	75,229	570,669	1,477,698
Additions	2,457	18,459	10,561	50,739	82,216
Disposal	(4,320)	(4,954)	(1,691)	(91,712)	(102,677)
Reclassification	(332)	332	-	-	-
variable lease payments	5,092	-	-	-	5,092
Effect of movements in exchange rates	(11,322)	(17)	(768)	1,084	(11,023)
Balance on December 31, 2023	<u>\$ 719,877</u>	<u>117,318</u>	<u>83,331</u>	<u>530,780</u>	<u>1,451,306</u>
Balance on January 1, 2022	\$ 717,996	85,508	67,506	438,786	1,309,796
Additions	2,513	26,302	18,570	158,131	205,516
Disposal	(2,956)	(8,335)	(11,635)	(76,415)	(99,341)
Effect of movements in exchange rates	10,749	23	788	50,167	61,727
Balance on December 31, 2022	<u>\$ 728,302</u>	<u>103,498</u>	<u>75,229</u>	<u>570,669</u>	<u>1,477,698</u>
Accumulated depreciation and impairment losses:					
Balance on January 1, 2023	\$ 102,271	21,206	18,733	311,413	453,623
Depreciation for the period	29,657	24,512	12,876	105,579	172,624
Disposal	(4,320)	(4,715)	(1,691)	(72,928)	(83,654)
Reclassification	(83)	83	-	-	-
Effect of movements in exchange rates	(2,026)	(16)	(167)	(191)	(2,400)
Balance on December 31, 2023	<u>\$ 125,499</u>	<u>41,070</u>	<u>29,751</u>	<u>343,873</u>	<u>540,193</u>
Balance on January 1, 2022	\$ 74,373	18,558	18,701	262,873	374,505
Depreciation for the period	27,771	10,984	11,471	95,750	145,976
Disposal	(731)	(8,335)	(11,635)	(76,415)	(97,116)
Effect of movements in exchange rates	858	(1)	196	29,205	30,258
Balance on December 31, 2022	<u>\$ 102,271</u>	<u>21,206</u>	<u>18,733</u>	<u>311,413</u>	<u>453,623</u>
Carrying amount:					
Balance on December 31, 2023	<u>\$ 594,378</u>	<u>76,248</u>	<u>53,580</u>	<u>186,907</u>	<u>911,113</u>
Balance on December 31, 2022	<u>\$ 626,031</u>	<u>82,292</u>	<u>56,496</u>	<u>259,256</u>	<u>1,024,075</u>

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Notes to the Consolidated Financial Statements

(j) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group were as follows:

	<u>Trademark</u>
Costs :	
Balance at December 31, 2023 (as same as balance at January 1, 2023)	\$ <u><u>2,897,172</u></u>
Balance at December 31, 2022 (as same as balance at January 1, 2022)	\$ <u><u>2,897,172</u></u>
Accumulated amortization and impairment losses :	
Balance at January 1, 2023	\$ 1,183,012
Amortization for the period	<u>193,145</u>
Balance at December 31, 2023	\$ <u><u>1,376,157</u></u>
Balance at January 1, 2022	\$ 989,867
Amortization for the period	<u>193,145</u>
Balance at December 31, 2022	\$ <u><u>1,183,012</u></u>
Carrying value :	
Balance at December 31, 2023	\$ <u><u>1,521,015</u></u>
Balance at December 31, 2022	\$ <u><u>1,714,160</u></u>

The amortization expense relating to the intangible assets of the Group for the years ended December 31, 2023 and 2022 were recognized in the administrative expenses in the statements of comprehensive income.

(k) Short-term notes and bills payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Short-term notes and bills payable	\$ 36,400,000	35,500,000
Discount on short-term notes and bills payable	<u>(95,797)</u>	<u>(50,639)</u>
Total	\$ <u><u>36,304,203</u></u>	<u><u>35,449,361</u></u>
Range of interest rates	<u><u>1.42%~1.57%</u></u>	<u><u>1.50%~1.61%</u></u>

(l) Short-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured bank short-term debts	\$ <u><u>31,802,900</u></u>	<u><u>38,775,000</u></u>
Unused short-term credit lines	\$ <u><u>144,842,818</u></u>	<u><u>121,575,338</u></u>
Range of interest rates	<u><u>1.62%~1.76%</u></u>	<u><u>1.30%~1.75%</u></u>

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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For the year ended December 31, 2023, the Group repaid short-term borrowings amounting to \$6,973,279, and there were no significant issuance on short-term borrowings. For the year ended December 31, 2022, the Group issued short-term borrowings amounting to \$15,297,568, and there were no significant repurchase or repayment on short-term borrowings. For information concerning interest expense, please refer to note 6(v).

As of December 31, 2023 and 2022, The Group did not provide any assets as collaterals for its short-term borrowings.

(m) Long-term debts

Long-term debts consisted of the following:

December 31, 2023				
	Currency	Interest rate	Expiration	Amount
Secured bank long-term debts	USD	6.7013%~6.9602%	2024~2026	\$ 24,865,924
Unsecured bank long-term debts	TWD	1.6250%~1.7895%	2024~2025	31,742,602
Less: current portion				(6,729,400)
Total				\$ 49,879,126
Unused long-term credit lines				\$ 16,832,975

December 31, 2022				
	Currency	Interest rate	Expiration	Amount
Secured bank long-term debts	USD	1.3800%~5.7900%	2023~2026	\$ 23,825,562
Unsecured bank long-term debts	TWD	1.3087%~1.5250%	2023~2024	12,000,000
Less: current portion				(30,325,562)
Total				\$ 5,500,000
Unused long-term credit lines				\$ 9,755,760

- (i) Please refer to note 6(w) for information on the Group's exposure to liquidity risk, and risk of changes in interest rates and liquidation risk.
- (ii) The Group issued the amounts of \$29,835,470 and \$14,750,000 on long term loans for the years ended December 31, 2023 and 2022, respectively. The amounts of \$8,994,240 and \$6,012,607 were redeemed for the years ended December 31, 2023 and 2022, respectively. For information on interest expenses, please refer to note 6(v).
- (iii) Pledged assets for bank loans

For the collateral for long-term borrowings, please refer to note 8.

- (iv) Financial covenants of significant loans and borrowings

The Company entered into a syndicated credit agreement with different financial institutions, with Bank of Taiwan being the lead bank, wherein the Company shall maintain certain financial ratios on the balance sheet date. (i.e. current ratio, debt ratio, etc.) If, however, the Company breach the contract, it should enhance its performance by increasing its cash capital or other means during the improvement period. Otherwise, the loans will be considered due and the Company will be required to pay the remaining amount of loan immediately.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Bonds payable

	December 31, 2023	December 31, 2022
Domestic unsecured nonconvertible corporate bonds	\$ 65,800,000	64,375,000
Costs of issuing bonds	(57,533)	(53,508)
Current portion	(9,270,477)	(11,569,513)
Total	<u><u>\$ 56,471,990</u></u>	<u><u>52,751,979</u></u>

The terms of domestic corporate bonds as of December 31, 2023 were as follows:

	The second domestic unsecured nonconvertible corporate bond in 2013	The first domestic unsecured nonconvertible corporate bond in 2014	The second domestic unsecured nonconvertible corporate bond in 2014	The first domestic unsecured nonconvertible corporate bond in 2017	The first domestic unsecured nonconvertible corporate bond in 2018
Issued amount	TWD10,400,000	TWD10,000,000	TWD5,000,000	TWD9,500,000	NT\$10,500,000
Balance, end of year	4,198,436	9,990,732	749,806	1,499,663	5,247,261
Current portion	2,099,218	-	749,806	1,499,663	1,524,204
Issuance date	December 18, 2013	June 24, 2014	November 11, 2014	July 10, 2017	September 6, 2018
Issuance period	10 years and 12 years	14 years and 15 years	5 years and 10 years	5 years and 7 years	5 years, 7 years and 10 years
Coupon rate	1.98% and 2.08%	2.04%	1.45% and 1.93%	1.03% and 1.25%	0.83%, 0.91% and 1.07%
Interest payment date	December 18	June 24	November 11	July 10	September 6
Repayment method	Payable in 2 equal installments for each coupon rate in 2022~2023 and 2024~2025, respectively	Payable in 2 equal installments for each coupon rate in 2028 and 2029, respectively	Payable in 2 equal installments for each coupon rate in 2018~2019 and 2023~2024, respectively	Payable in 2 equal installments for each coupon rate in 2021~2022 and 2023~2024, respectively	Payable in 2 equal installments for each coupon rate in 2022~2023 and 2024~2025, 2027~2028 respectively.

	The first domestic unsecured nonconvertible corporate bond in 2019	The second domestic unsecured nonconvertible corporate bond in 2019	The first domestic unsecured nonconvertible corporate bond in 2020	The first domestic unsecured nonconvertible corporate bond in 2021	The first domestic unsecured nonconvertible corporate bond in 2023
Issued amount	TWD6,300,000	TWD5,100,000	TWD10,000,000	TWD11,500,000	TWD13,000,000
Balance, end of year	5,446,653	4,147,276	9,992,075	11,489,958	12,980,607
Current portion	849,478	949,376	1,598,732	-	-
Issuance date	June 17, 2019	October 15, 2019	September 24, 2020	June 3, 2021	October 5, 2023
Issuance period	5 years, 7 years and 10 years	5 years, 7 years and 10 years	5 years, 7 years and 10 years	5 years and 7 years	5 years and 10 years
Coupon rate	0.74%, 0.82% and 0.91%	0.71%, 0.75% and 0.84%	0.49%, 0.58% and 0.62%	0.45% and 0.53%	1.57% and 1.77%
Interest payment date	June 17	October 15	September 24	June 3	October 5
Repayment method	Payable in 2 equal installments for each coupon rate in 2023~2024, 2025~2026, and 2028~2029, respectively.	Payable in 2 equal installments for each coupon rate in 2023~2024, 2025~2026, and 2028~2029, respectively.	Payable in 2 equal installments for each coupon rate in 2024~2025, 2026~2027 and 2029~2030, respectively.	Payable in 2 equal installments for each coupon rate in 2025~2026 and 2027~2028, respectively.	Payable in 2 equal installments for each coupon rate in 2027~2028 and 2032~2033, respectively.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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(o) Lease liabilities

The carrying values of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	\$ 130,182	134,521
Non-current	\$ 202,261	275,945

For information on the maturity analysis, please refer to note 6(w).

The amounts recognized in profit or loss were as follows:

	For the years ended December 31 2023	2022
Interest on lease liabilities	\$ 10,080	8,546
Expenses relating to short-term leases	\$ 154,040	169,885

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the years ended December 31 2023	2022
Total cash outflow for leases	\$ 309,375	298,481

(i) Real estate leases

The Group leases land and buildings for its office space and plants. The leases of land typically run for a period of 4 to 20 years, of office space for 2 to 20 years, and of plants for 3 years. Besides, the rights-of-use for land in mainland China typically run for 50 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases require the Group to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

The Group expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other leases

The Group leases transportation equipment, with lease terms of 2 to 7 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

The Group also leases buildings with contract terms of one year or less. These leases are short-term. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(p) Employee Benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	\$ 25,539,115	28,072,240
Fair value of plan assets	<u>(14,383,906)</u>	<u>(13,813,408)</u>
Net defined benefit liabilities	<u>\$ 11,155,209</u>	<u>14,258,832</u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for its employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$14,100,839 as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Movements in the present value of the defined benefit obligation

The movements in the present value of the defined benefit obligation were as follows:

	For the years ended December 31	
	2023	2022
Balance, beginning of year	\$ 28,072,240	30,754,196
Current service cost and interest expense	568,382	438,827
Remeasurements of the net defined benefit liabilities:		
Actuarial losses (gains) arising from changes in financial assumptions	4,276	(783,430)
Experience adjustments	(948,642)	(46,171)
Benefits paid from plan assets	(2,197,422)	(2,343,473)
Increase from transfer of related party employees	40,162	37,046
Effect of movements in exchange rates	119	15,245
Balance, end of year	\$ 25,539,115	28,072,240

3) Movements in the fair value of the plan assets

The movements in the fair value of the plan assets were as follows:

	For the years ended December 31	
	2023	2022
Balance, beginning of year	\$ 13,813,408	12,641,662
Interest income	173,479	66,330
Remeasurements of the net defined benefit liabilities:		
Return on plan assets	129,572	881,043
Contributions from employer	1,868,295	2,059,081
Benefits paid	(1,601,058)	(1,860,946)
Effect of movements in exchange rates	210	26,238
Balance, end of year	\$ 14,383,906	13,813,408

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

	For the years ended December 31	
	2023	2022
Current service cost	\$ 223,027	285,342
Net interest expense of net defined benefit liabilities	171,876	87,155
Settlement losses	301	225
	\$ 395,204	372,722

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	For the years ended December 31	
	2023	2022
Operating Costs	\$ 305,366	297,859
Selling expenses	15,793	14,339
Administrative expenses	74,045	60,524
	\$ 395,204	372,722

- 5) Remeasurement of net defined benefit liability recognized in other comprehensive income

The Group's remeasurement of the net defined benefit liability recognized in other comprehensive income were as follows:

	For the years ended December 31	
	2023	2022
Accumulated amount at January 1	\$ (5,693,006)	(7,403,650)
Recognized during the period	1,073,938	1,710,644
Accumulated amount at December 31	\$ (4,619,068)	(5,693,006)

- 6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.25%~4.76%	1.25%~4.94%
Future salary increase rate	2.85%~9.48%	2.85%~9.48%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$354,667.

The weighted average lifetime of the defined benefits plans is 5.8~18 years.

- 7) Sensitivity analysis

As the principle actuarial assumptions change, the present value of the defined benefit obligation of the Company, Nan Ya PCB Corp., Nan Chung Petrochemical Corp., Wellink Technology Corp., and PFG Fiber Glass Corporation would increase (decrease) as follows:

	Influences of defined benefit obligations	
	Increase	Decrease
December 31, 2023		
Discount rate(0.25% variation)	\$ (256,271)	263,861
Future salary increasing rate(1.00% variation)	1,137,076	(1,034,837)
December 31, 2022		
Discount rate(0.25% variation)	(340,776)	351,728
Future salary increasing rate(1.00% variation)	1,486,275	(1,340,671)

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As the principle actuarial assumptions change, the present value of the defined benefit obligation of Nan Ya Plastics Corporation U.S.A. would increase (decrease) as follows:

	Influences of defined benefit obligations	
	Increase	Decrease
December 31, 2023		
Discount rate(1.00% variation)	\$ (9,985)	11,840
Future salary increasing rate(1.50% variation)	3,484	(2,973)
December 31, 2022		
Discount rate(1.00% variation)	(9,026)	10,687
Future salary increasing rate(1.50% variation)	3,197	(2,693)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plan

The Labor Pension Act (“The Act”) prescribes a defined contribution plan. Pursuant to the Act, the Company, and its subsidiaries namely, Nan Ya PCB Corp., Wen Fung Industrial Corp., Nan Chung Petrochemical Corp., Wellink Technology Corp. and PFG Fiber Glass Corporation have made monthly contributions equal to 6% of each employee’s monthly salary to employees’ pension accounts.

Nan Ya Plastics Corporation America and Nan Ya PCB (U.S.A.) Corporation adopt a Defined Contribution Plan and periodically provide contributions thereon according to local law. Those contributions are recognized as an expense on an accrual basis.

Subsidiaries in China are governed by China laws and regulation. Based on China laws and regulation, those companies contribute for employees’ pension benefits at rates ranging from 6% to 20% of salary every month and remit those contributions to the related authority.

The Group’s pension costs under the defined contribution pension plan amounted to \$1,594,448 and \$1,651,220 for the years ended December 31, 2023 and 2022, respectively.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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(q) Income taxes

(i) Income tax expense

The components of income tax expense were as follows:

	For the years ended December 31	
	2023	2022
Current income tax expense		
Current period	\$ 1,625,608	10,027,386
Adjustment for prior periods	7,776	(42,876)
Deferred tax expense		
Origination and reversal of temporary differences	(613,116)	(918,397)
Total income tax expense	\$ 1,020,268	9,066,113

The amount of income tax recognized in other comprehensive income for 2023 and 2022 were as follows:

	For the years ended December 31	
	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Re-measurement from defined benefit plans	\$ 214,875	341,791

Reconciliation of income tax and profit before tax for 2023 and 2022 were as follows:

	For the years ended December 31	
	2023	2022
Income tax using the Company's domestic tax rate	\$ 1,826,063	9,510,166
Effect of tax rate in foreign jurisdiction	1,062,467	5,410,564
Tax effect on tax-exempt dividend income	(354,115)	(695,570)
Tax-exempt income	(55,716)	(246,291)
Tax effect on unrecognized deferred assets of tax losses	1,003,354	(2,993)
Tax effect on unrecognized temporary differences	51	114
Income tax expense arising from investment income in joint ventures	(87,915)	29,139
Tax effect on investment income recognized under equity method	(1,906,942)	(4,664,947)
Differences between estimated and actual income tax and income tax adjustments on prior years	7,776	(42,876)
Undistributed earnings additional tax	18,711	299,713
Other income tax adjustments	(493,466)	(530,906)
Income tax expense	\$ 1,020,268	9,066,113

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	\$ 84,525	16,785
The carryforward of unused tax losses	<u>360</u>	<u>309</u>
	<u>\$ 84,885</u>	<u>17,094</u>

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2023, the information of the Group's unutilized business losses for which no deferred tax assets were recognized are as follows:

Occurrence year	Unutilized creditable amount	Expiry date
2013	\$ 16,142	2023
2014	22,970	2024
2015	93	2025
2017	5,065	2027
2021	3,683	2031
2022	29	2032
2023	<u>374,644</u>	2033
	<u>\$ 422,626</u>	

2) Recognized deferred tax assets and liabilities

Movement in the deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax liabilities:

	Foreign investment income recognized under equity method	Defined benefit plans	Others	Total
Balance on January 1, 2023	\$ 13,000,752	2,150	6,196,038	19,198,940
Recognized in profit or loss	(540,730)	(162)	(487,331)	(1,028,223)
Recognized in other comprehensive income	-	2,228	-	2,228
Foreign currency translation differences for foreign operations	<u>-</u>	<u>1</u>	<u>(9,925)</u>	<u>(9,924)</u>
Balance on December 31, 2023	<u>\$ 12,460,022</u>	<u>4,217</u>	<u>5,698,782</u>	<u>18,163,021</u>

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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	Foreign investment income recognized under equity method	Defined benefit plans	Others	Total
Balance on January 1, 2022	\$ 14,126,112	8,173	5,665,711	19,799,996
Recognized in profit or loss	(1,125,360)	311	30,457	(1,094,592)
Recognized in other comprehensive income	-	(7,097)	-	(7,097)
Foreign currency translation differences for foreign operations	-	763	499,870	500,633
Balance on December 31, 2022	<u>\$ 13,000,752</u>	<u>2,150</u>	<u>6,196,038</u>	<u>19,198,940</u>

Deferred tax assets:

	Defined benefit plans	Idle capacity	Loss carryforward	Others	Total
Balance on January 1, 2023	\$ 2,890,066	163,232	39,682	539,489	3,632,469
Recognized in profit or loss	(442,407)	(37,241)	86,206	(21,665)	(415,107)
Recognized in other comprehensive income	(212,647)	-	-	-	(212,647)
Foreign currency translation differences for foreign operations	-	-	-	78,027	78,027
Balance on December 31, 2023	<u>\$ 2,235,012</u>	<u>125,991</u>	<u>125,888</u>	<u>595,851</u>	<u>3,082,742</u>
Balance on January 1, 2022	\$ 3,630,327	74,835	9,659	471,607	4,186,428
Recognized in profit or loss	(391,373)	88,397	30,023	96,758	(176,195)
Recognized in other comprehensive income	(348,888)	-	-	-	(348,888)
Foreign currency translation differences for foreign operations	-	-	-	(28,876)	(28,876)
Balance on December 31, 2022	<u>\$ 2,890,066</u>	<u>163,232</u>	<u>39,682</u>	<u>539,489</u>	<u>3,632,469</u>

(iii) Assessment of tax

The Corporation's income tax return for the year 2021 had been examined by the tax authorities.

(iv) Global minimum top-up tax

As of December 31, 2023, there have been no legislative or substantive legislative enactments on supplementary taxes in any country where the operations of the are located; hence, no related deferred income taxes have been recognized. Although the retrospective application of Amendments to IAS 12 "International Tax Reform— Pillar Two Model Rules" has no impact on its consolidated financial statements, the Group is closely monitoring the legislative developments related to the introduction of the Global minimum top-up tax in the jurisdictions where it operates.

The Group has applied the deferred tax accounting based on the temporary mandatory relief policy. Due to the impacts of the top-up tax, the income tax incurred by the Group during the year will be recognized as current tax. (see Note 4 (s)).

(r) Capital and other equity

As of December 31, 2023 and 2022, the Group's government registered total authorized capital and issued capital stock both amounted to \$79,308,216, divided into 7,930,822 thousand shares of stock with \$10 par value per share.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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(i) Capital surplus

The components of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Paid-in capital from conversion of corporate bond to common stock in excess of par value	\$ 8,997,136	8,997,136
Gains on acquisition of Taiwan Plasticizer Corporation	74,474	74,474
Other	<u>18,661,923</u>	<u>18,621,333</u>
Total	<u>\$ 27,733,533</u>	<u>27,692,943</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

1) Legal reserve

If the Company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

As the Company opted to avail of the exemptions allowed under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the IFRSs as endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments (gains) of \$6,277,052, which were previously recognized in shareholders' equity were reclassified to retained earnings. According to Ruling by FSC, a special reserve is appropriated from retained earnings for aforementioned reclassification. In addition, during the use, disposal or reclassifications of relevant assets, these special reserves can be reverted to distributable earnings proportionately. As the amount appropriated exceeds the increase in retained earnings arising from the adoption of IFRSs, only \$6,243,060 is appropriated in compliance to the IFRSs as endorsed by the FSC. The balance of special reserve amounted to \$6,105,133 and \$6,109,789 as of December 31, 2023 and 2022, respectively.

Pursuant to the Regulatory Permit mentioned above, the Company is also required to set aside an additional special reserve from current-period earnings and undistributed prior period earnings during earnings distribution. The amount to be set aside should be equal to the difference between net current-period reduction of the other stockholders' equity and the amount of above-mentioned special reserve. The accumulated prior-period reduction of the other stockholders' equity shall be set aside as an additional special

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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reserve, which does not qualify for earnings distribution, from undistributed prior-period earnings. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

According to the Company's Articles of Association, the Company's annual net earnings, after providing for income tax and covering the losses of previous years, is first set aside for legal reserve at the rate of 10% thereof, and if necessary, may set aside a special reserve, followed by dividends. If there is any unappropriated earnings in the current year, the Board of Directors shall prepare a proposal for the distribution of dividends to shareholders, of which the proposal for cash dividends is authorized to be distributed by the Board of Directors with the attendance of at least two-thirds of the directors and the resolution of a majority of the directors who attend the meeting, and shall be reported to the shareholders' meeting; the proposal for stock dividends shall be submitted to the shareholders' meeting for resolution. Special reserve referred to in the preceding paragraph includes reserve for special purposes, the profit accounted for using equity method, and net appraisal profit recognized for financial instruments transactions. However, when the accumulated amount decreases, special reserve shall be reduced by the same amount, limited to the amount listed in this item, and other special reserve set aside in accordance with laws.

The Company belongs to a mature industry, in which the annual profit is stable. It adopts three kinds of dividend distribution policies, which are cash dividends, capitalization of earnings, and capital surplus. The net earnings after deducting the legal reserve and special reserve may first be distributed by way of cash dividends which shall be equal to at least fifty percent of the Company's total dividend distribution every year. The capitalization of earnings and capital surplus shall not exceed fifty percent of the total dividends.

The amounts of cash dividends for the 2022 earnings distribution had been approved and proposed, respectively, by the board meeting held on March 8, 2023; while other items of the 2022 earnings distribution had been approved by the stockholders' meeting held on May 31, 2023, and the 2021 earnings distribution had been approved by the stockholders' meeting held on June 10, 2022, respectively, as follows:

	<u>2022</u>	<u>2021</u>
Dividends per share:		
Cash dividends	\$ <u>3.00</u>	<u>7.50</u>

The aforementioned earnings distributions did not differ from those proposed by the board of directors and those estimated and accrued amount in the financial statements. The related information can be obtained from the Market Observation Post System website.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other equity accounts (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance at January 1, 2023	\$ (6,503,889)	27,101,700	153	20,597,964
Exchange differences arising on translation of foreign operations	(1,999,288)	-	-	(1,999,288)
Exchange differences on associates / joint ventures accounts for using equity method	(210,404)	-	-	(210,404)
Unrealized gains (losses) from financial assets at fair value through other comprehensive income	-	18,283	-	18,283
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	3,886,406	-	3,886,406
Share of cash flow hedge of associates / joint ventures	-	-	7,919	7,919
Balance at December 31, 2023	<u>\$ (8,713,581)</u>	<u>31,006,389</u>	<u>8,072</u>	<u>22,300,880</u>
Balance at January 1, 2022	\$ (17,523,958)	52,159,582	8,870	34,644,494
Exchange differences arising on translation of foreign operations	7,254,689	-	-	7,254,689
Exchange differences on associates / joint ventures accounted for using equity method	3,765,380	-	-	3,765,380
Unrealized gains (losses) from financial assets at fair value through other comprehensive income	-	(16,254,465)	-	(16,254,465)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(8,803,417)	-	(8,803,417)
Share of cash flow hedge of associates / joint ventures	-	-	(8,717)	(8,717)
Balance at December 31, 2022	<u>\$ (6,503,889)</u>	<u>27,101,700</u>	<u>153</u>	<u>20,597,964</u>

(s) Earnings Per Share

The basic earnings per share for the years ended December 31, 2023 and 2022 were calculated on profit attributable to ordinary shareholders of the Company of \$6,310,050 and \$32,108,977, respectively, and weighted average number of outstanding shares of stock were 7,930,822 thousand ordinary shares, were calculated as follows:

(i) Profit attributable to ordinary shareholders

	For the years ended December 31	
	2023	2022
Profit attributable to ordinary shareholders	<u>\$ 6,310,050</u>	<u>32,108,977</u>

(ii) Weighted average number of outstanding ordinary shares

	For the years ended December 31	
	2023	2022
Shares outstanding as of January 1 is the same as weighted average number of common stock outstanding as of December 31	<u>7,930,822</u>	<u>7,930,822</u>

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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(t) Revenue from contracts with customers

For the years ended December 31, 2023						
	Plastics industry	Chemical industry	Electronic industry	Polyester industry	Other industries	Total
Primary geographical markets						
Taiwan	\$ 17,233,559	20,634,683	23,906,214	9,865,610	4,352,078	75,992,144
China	10,283,979	13,542,975	62,974,682	2,969,298	781,330	90,552,264
Other	11,021,235	20,721,850	28,665,092	32,375,686	427,073	93,210,936
	<u>\$ 38,538,773</u>	<u>54,899,508</u>	<u>115,545,988</u>	<u>45,210,594</u>	<u>5,560,481</u>	<u>259,755,344</u>
Main Products						
PVC sheet	\$ 5,144,009	-	-	-	-	5,144,009
Rigid sheet	6,092,284	-	-	-	-	6,092,284
Pipes	6,821,880	-	-	-	-	6,821,880
Phthalate Plasticizers	-	8,987,654	-	-	-	8,987,654
BPA	-	11,661,881	-	-	-	11,661,881
EG	-	11,935,211	-	-	-	11,935,211
CCL	-	-	25,194,149	-	-	25,194,149
Epoxy	-	-	23,346,952	-	-	23,346,952
PCB	-	-	42,251,797	-	-	42,251,797
Polyester Staple Fiber	-	-	-	8,089,833	-	8,089,833
PET Resin	-	-	-	21,980,845	-	21,980,845
DTY	-	-	-	9,638,814	-	9,638,814
Machinery and Switchgear	-	-	-	-	5,218,526	5,218,526
Others	20,480,600	22,314,762	24,753,090	5,501,102	341,955	73,391,509
	<u>\$ 38,538,773</u>	<u>54,899,508</u>	<u>115,545,988</u>	<u>45,210,594</u>	<u>5,560,481</u>	<u>259,755,344</u>
For the years ended December 31, 2022						
	Plastics industry	Chemical industry	Electronic industry	Polyester industry	Other industries	Total
Primary geographical markets						
Taiwan	\$ 18,699,147	28,528,508	41,863,644	12,101,680	3,786,118	104,979,097
China	10,904,938	25,856,399	85,179,093	3,652,489	596,577	126,189,496
Other	13,814,989	28,106,054	33,619,573	48,202,652	271,439	124,014,707
	<u>\$ 43,419,074</u>	<u>82,490,961</u>	<u>160,662,310</u>	<u>63,956,821</u>	<u>4,654,134</u>	<u>355,183,300</u>
Main Products						
PVC sheet	\$ 5,864,056	-	-	-	-	5,864,056
Rigid sheet	7,704,422	-	-	-	-	7,704,422
Pipes	7,056,096	-	-	-	-	7,056,096
Phthalate Plasticizers	-	10,592,409	-	-	-	10,592,409
BPA	-	21,975,831	-	-	-	21,975,831
EG	-	21,099,903	-	-	-	21,099,903
CCL	-	-	30,957,948	-	-	30,957,948
Epoxy	-	-	34,060,264	-	-	34,060,264
PCB	-	-	64,645,415	-	-	64,645,415
Polyester Staple Fiber	-	-	-	10,938,942	-	10,938,942
PET Resin	-	-	-	32,875,805	-	32,875,805
DTY	-	-	-	13,446,839	-	13,446,839
Machinery and Switchgear	-	-	-	-	4,266,658	4,266,658
Others	22,794,500	28,822,818	30,998,683	6,695,235	387,476	89,698,712
	<u>\$ 43,419,074</u>	<u>82,490,961</u>	<u>160,662,310</u>	<u>63,956,821</u>	<u>4,654,134</u>	<u>355,183,300</u>

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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(u) Employee compensation

According to the specifications of the Company's article, 0.05% to 0.5% of the earnings before tax and bonuses should be appropriated to employees as bonuses. However, certain amounts of the earnings should be reserved if there is an accumulated loss from the operations in the previous years in advance of the appropriation of the employee bonuses.

The remunerations to employees amounted to \$5,743 and \$33,497, respectively, for the years ended December 31, 2023 and 2022, respectively. These amounts were calculated using the Company's pre-tax income for each period before deducting the remunerations of employees, multiplied by the proposed percentage of remunerations of employees as stated in the Company's Articles of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustments will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the years ended December 31, 2022 and 2021, the remunerations to employees amounted to \$33,497 and \$90,111, respectively, which were paid in cash. There was no difference from the actual distribution. The information is available on the Market Observation Post System website.

(v) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	2023	2022
Interest income from bank deposits	\$ 2,309,563	1,354,340
Other interest income	418,019	261,595
	<u>\$ 2,727,582</u>	<u>1,615,935</u>

(ii) Other income

The details of other income were as follows:

	2023	2022
Dividend income	\$ 1,811,176	3,527,934
Other income	2,553,837	3,968,509
	<u>\$ 4,365,013</u>	<u>7,496,443</u>

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other gains and losses

The details of other gains and losses were as follows:

	2023	2022
Gains on disposal of property, plant and equipment	\$ 2,147	627,897
Profit from lease modifications	1,712	-
Foreign currency exchange gains	252,957	3,455,119
Gains on financial assets at fair value through profit or loss	23,994	213,483
Gains (losses) on reversal of impairment losses on plant, property, and equipment	14,033	(16,425)
Others	(217,248)	(384,160)
	<u>\$ 77,595</u>	<u>3,895,914</u>

(iv) Finance costs

The details of finance costs were as follows:

	2023	2022
Interest expense	\$ 4,303,126	2,449,945
Less: interest capitalized	(305,229)	(143,789)
	<u>\$ 3,997,897</u>	<u>2,306,156</u>

(w) Financial Instruments

(i) Credit Risk

1) Credit risk exposure

The Group is exposed to credit risk primarily from cash and cash equivalents, deposits, and trade receivables.

2) Concentration of credit risk

As sales are made to customers worldwide, the Group's exposure to credit risk concentration is expected to be low. Also, the Group mitigates its exposure by evaluating the customers' financial situation regularly.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Short-term notes and bills payable	\$ 36,304,203	36,495,797	36,495,797	-	-	-	-
Notes and accounts payable	11,305,522	11,305,522	11,305,522	-	-	-	-
Accounts payables to related parties	5,058,154	5,058,154	5,058,154	-	-	-	-
Short-term borrowings	31,802,900	31,897,130	31,897,130	-	-	-	-
Long-term borrowings (including current portion)	56,608,526	62,055,483	3,999,437	7,160,229	29,220,224	21,675,593	-
Bonds payable	65,742,467	69,393,803	1,156,180	8,900,475	11,294,998	32,281,185	15,760,965
Lease liabilities	332,443	350,764	71,330	62,065	79,918	69,833	67,618
	<u>\$ 207,154,215</u>	<u>216,556,653</u>	<u>89,983,550</u>	<u>16,122,769</u>	<u>40,595,140</u>	<u>54,026,611</u>	<u>15,828,583</u>
December 31, 2022							
Non-derivative financial liabilities							
Short-term notes and bills payable	\$ 35,449,361	35,550,639	35,550,639	-	-	-	-
Notes and accounts payable	14,484,851	14,484,851	14,484,851	-	-	-	-
Accounts payables to related parties	5,509,673	5,509,673	5,509,673	-	-	-	-
Short-term borrowings	38,775,000	38,882,153	38,882,153	-	-	-	-
Long-term borrowings (including current portion)	35,825,562	41,177,885	7,858,975	27,736,712	5,582,198	-	-
Bonds payable	64,321,492	67,197,285	2,989,470	9,307,713	9,840,755	25,045,787	20,013,560
Lease liabilities	410,466	436,878	73,382	66,824	110,797	106,469	79,406
	<u>\$ 194,776,405</u>	<u>203,239,364</u>	<u>105,349,143</u>	<u>37,111,249</u>	<u>15,533,750</u>	<u>25,152,256</u>	<u>20,092,966</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2023		
	Foreign Currency	Exchange Rate	TWD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$	700,267	30.7350
JPY		197,307	0.2172
EUR		1,445	33.9755
HKD		886	3.9404
CNY		37,341	4.3396

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
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December 31, 2023			
	Foreign Currency	Exchange Rate	TWD
<u>Non-monetary items</u>			
USD	\$ 116,976	30.7350	3,959,257
CNY	66,388	4.3396	288,097
IDR	154,459,272	0.0020	308,919
VND	4,184,706,161	0.0013	5,440,118
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	65,766	30.7350	2,021,318
JPY	2,212,642	0.2172	480,586
EUR	2,965	33.9755	100,737
CNY	14,493	4.3396	62,894
December 31, 2022			
	Foreign Currency	Exchange Rate	TWD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 826,463	30.7080	25,379,026
JPY	329,581	0.2306	76,001
EUR	1,915	32.7026	62,625
HKD	987	3.9369	3,886
CNY	3,999	4.4089	17,631
<u>Non-monetary items</u>			
USD	121,125	30.7080	3,719,507
CNY	69,342	4.4089	305,722
IDR	127,759,940	0.0020	255,520
VND	6,051,764,163	0.0013	7,867,293
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	98,502	30.7080	3,024,799
JPY	2,183,862	0.2306	503,599
EUR	4,736	32.7026	154,880

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Sensitivity analysis

The Group's exposure to exchange rate risk arises from the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are dominated in foreign currency. The overall effects to net income before tax for the years ended December 31, 2023 and 2022 assuming the TWD depreciated or appreciated by 1% against the USD, JPY, EUR, HKD and CNY as of December 31, 2023 and 2022 were as follows:

	For the years ended December 31	
	2023	2022
Appreciation in value of 1%	\$ (191,122)	(218,585)
Depreciation in value of 1%	191,122	218,585

This analysis is performed on the same basis for the two periods.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to gain \$252,957 and gain \$3,455,119, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to the interest rates risk of derivative and non derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the liabilities bearing variable interest rates are outstanding for the whole year. A 1% increase or decrease in interest rate is assessed by management to be a reasonable possible change in interest rate.

An increase or decrease of 1% in interest rates mainly from loans with floating interest rates at the reporting date would have increased or decreased net income by \$23,054 and \$15,989 for the years ended December 31, 2023 and 2022, respectively.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Other market price risks

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the comprehensive income as illustrated below:

	For the years ended December 31	
	2023	2022
Prices of securities at the reporting date	Other comprehensive income after tax	Other comprehensive income after tax
Increasing 1%	\$ <u>323,393</u>	<u>354,947</u>
Decreasing 1%	\$ <u>(323,393)</u>	<u>(354,947)</u>

(vi) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss	\$ 2,307,119	-	1,641,598	665,521	2,307,119
Accounts receivable	12,651	-	-	-	-
Total	<u>\$ 2,319,770</u>	<u>-</u>	<u>1,641,598</u>	<u>665,521</u>	<u>2,307,119</u>
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	\$ 32,339,271	32,339,271	-	-	32,339,271
Unquoted equity instruments	19,537,040	-	-	19,537,040	19,537,040
Total	<u>\$ 51,876,311</u>	<u>32,339,271</u>	<u>-</u>	<u>19,537,040</u>	<u>51,876,311</u>
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 80,301,186	-	-	-	-
Notes and accounts receivable (including related parties)	38,341,566	-	-	-	-
Other receivables (including related parties)	6,775,849	-	-	-	-
Total	<u>\$ 125,418,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2023					
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Short-term borrowings	\$ 31,802,900	-	-	-	-
Short-term notes and bills payable	36,304,203	-	-	-	-
Notes and accounts payable (including related parties)	16,363,676	-	-	-	-
Bonds payable	65,742,467	-	-	-	-
Long-term borrowings (including due within on year)	56,608,526	-	-	-	-
Lease liabilities	332,443	-	-	-	-
Total	\$ 207,154,215	-	-	-	-
December 31, 2022					
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss	\$ 2,322,632	-	1,562,720	759,912	2,322,632
Accounts receivable	66,713	-	-	-	-
Total	\$ 2,389,345	-	1,562,720	759,912	2,322,632
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	\$ 35,494,677	35,494,677	-	-	35,494,677
Unquoted equity instruments	16,106,851	-	-	16,106,851	16,106,851
Total	\$ 51,601,528	35,494,677	-	16,106,851	51,601,528
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 89,444,513	-	-	-	-
Notes and accounts receivable (including related parties)	50,516,632	-	-	-	-
Other receivables (including related parties)	7,197,592	-	-	-	-
Total	\$ 147,158,737	-	-	-	-
Financial liabilities at amortized cost					
Short-term borrowings	\$ 38,775,000	-	-	-	-
Short-term notes and bills payable	35,449,361	-	-	-	-
Notes and accounts payable (including related parties)	19,994,524	-	-	-	-
Bonds payable	64,321,492	-	-	-	-
Long-term borrowings (including due within on year)	35,825,562	-	-	-	-
Lease liabilities	410,466	-	-	-	-
Total	\$ 194,776,405	-	-	-	-

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

b) Financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data are used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments traded in active markets are measured at fair value based on the quoted market prices. Quoted prices are the prices announced by the main stock exchanges and over-the-counter markets. They are the basis for recognizing the fair value of the listed and over-the-counter equity instruments.

Financial instrument possesses a quoted price in the active markets if the trading prices fairly represent the frequent and orderly transactions for financial instrument, and are readily available from trade centers, security brokers, underwriters, trade unions, pricing service institutes or other related authorities. The market for the said financial instrument shall be seen as inactive should the aforementioned requirements have not been met. Large or significantly increasing gap between the purchase and the exit prices of a financial instrument, or low trade volume, are general indicators of an inactive market.

If the financial instrument of the Group possesses an active market, its fair value should be recognized according to different categories and characteristics as follows:

For listed and over-the-counter stocks with standard terms and are publicly traded in active markets, their fair value are calculated by the market's quoted prices.

Other financial instruments that are not traded in active markets are measured with fair values provided by using the valuation techniques via market approach or the discounted cash flow method or other available methods.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

If the financial instruments held by the Group are not traded in active markets, the valuation of their fair value is categorized as follows:

Bond investments that has no quoted prices: Fair value is measured with the income approach by applying the discounted cash flow method that convert future cash flow amounts to a single current amount on the basis of the value indicated by current market expectations about those future amounts.

4) Transfers between levels of the fair value hierarchy

There were no transfers between levels of the fair value hierarchy for the years ended December 31, 2023 and 2022.

5) Reconciliation of Level 3 fair value

	Fair value through profit and loss	Fair value through other comprehensive income
	Bond investment and others	Unquoted equity instruments
Balance at January 1, 2023	\$ 759,912	16,106,851
Total gains and losses recognized:		
In profit or loss	5,333	-
In other comprehensive income	-	3,436,965
Refund capital reduction	-	(6,847)
Disposals	(101,466)	-
Effect of exchange rate changes	1,742	71
Balance at December 31, 2023	\$ 665,521	19,537,040
Balance at January 1, 2022	\$ 665,316	25,829,225
Total gains and losses recognized:		
In profit or loss	21,467	-
In other comprehensive income	-	(9,726,020)
Refund capital reduction	-	(4,250)
Effect of exchange rate changes	73,129	7,896
Balance at December 31, 2022	\$ 759,912	16,106,851

6) The valuation procedures for fair value measurements being categorized within Level 3 is to ensure the valuation results are reasonable by applying independent information to make results close to the current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price. According to the Group's accounting policy, the analysis of value changes on remeasured or reevaluated assets and liabilities at the reporting date is performed to ensure the reasonability of the evaluation results.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- 7) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Most of the Group's financial instruments that use Level 3 inputs involve only one significant unobservable input. Only equity investment with no-active markets involves multiple significant unobservable inputs.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income - equity instruments without an active market	Market comparable companies	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITDA multiple, discount for lack of marketability	The higher the multiple, the higher the fair value
	Net Asset Value Method	Not applicable	Not applicable

- 8) Fair value measurement in Level 3 - sensitivity analysis of the possible alternative assumptions

The valuation models and assumptions used to measure the fair value of the financial instruments is reasonable. However, the use of different valuation models or assumptions may result in different measurements. For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

		Recognized in other comprehensive income		
	Input	Change	Favorable change	Unfavorable change
December 31, 2023				
Financial assets at fair value through other comprehensive income – unquoted equity instruments	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITDA multiple, discount for lack of marketability	± 1%	\$ <u>157,387</u>	<u>(157,387)</u>
December 31, 2022				
Financial assets at fair value through other comprehensive income – unquoted equity instruments	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITDA multiple, discount for lack of marketability	± 1%	\$ <u>119,851</u>	<u>(119,851)</u>

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Financial risk management

(i) The Group have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

To maintain the credit quality of receivables, a credit risk management policy has been established. Under this policy, each customer is analyzed individually regarding customer's financial situation, external and internal credit rating, historical trading record, and current economic condition which may affect customer's payment ability. In addition, some methods are adopted to reduce the credit risk for specific customers, such as prepayment and insurance of accounts receivable.

The credit risk exposure on bank deposits and other financial instruments are measured and monitored by the Group's finance department. As the Group's transactions are done with the banks and other external parties with good credit standing, management is not aware of any noncompliance issues and is not expecting significant credit risk.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient current funds, such as cash and cash equivalents, securities with high liquidity and sufficient credit line from banks, to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

(v) Market risk

Market risk is the risk that changes in the market, such as foreign exchange rates, interest rates, and equity prices, of that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk is due to global transactions that are denominated in a currency other than the respective functional currency of the Company, primarily the New Taiwan Dollars (TWD). The currencies used in these transactions are denominated in USD. The currency risk mainly arises from future business transactions and recognized assets and liabilities. Part of the currency risks arising from purchases and sales can be offset each other to achieve automatic hedge.

When the Group has foreign currency needs, the Group uses spot exchange contracts and forward exchange contracts if the exchange rate is advantageous to the Group to manage the risk. If necessary, the Group uses derivatives operated by prestigious international banks to manage its exposure to foreign currency exchange rate fluctuation risk, which monitor the exchange rate risks and adhere to acceptable levels by the Group.

2) Interest rate risk

The Group's interest rate risk mainly arises from long-term loans with variable interest rates, which bear cash flow risks to the Group. Part of the interest rate risks can be offset by cash and cash equivalents with variable interest rates held by the Group.

The Group manages interest rate risks by using derivatives when necessary, to lower the risk to acceptable levels.

3) Other market price risk

The Group is exposed to fair value change risk due to financial assets at fair value through other comprehensive income (available-for-sale financial assets), which were measured at fair value.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(y) Capital Management

Although business operated by the Group has reached the stage of maturity, a sufficient amount of capital is still required to support the operation of investee companies, construction and expand its production facilities and equipment.

The Group's policy is to maintain sufficient financial resources and operating plan to meet future demands such as operating capital, capital expenditure, research and development expenditures, loan reimbursements, and dividend distributions.

The Group and other entities in the same industry use the debt-to-equity ratio to manage its capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt. The Group's debt-to-equity ratio at the end of the reporting period were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 271,443,894	271,214,726
Less: cash and cash equivalents	<u>(80,301,186)</u>	<u>(89,444,513)</u>
Net debt	\$ 191,142,708	181,770,213
Total equity	\$ 377,084,059	394,101,430
Debt-to-equity ratio at December 31	<u>33.64 %</u>	<u>31.56 %</u>

(z) Reconciliation of liabilities arising from financing activities

	Short-term borrowings	Short-term notes payable	Long-term borrowings (including current portion)	Bonds payable (including current portion)	Lease liabilities (including current portion)	Total liabilities arising from financing activities
Balance as of January 1, 2023	\$ 38,775,000	35,449,361	35,825,562	64,321,492	410,466	174,781,881
Change in cash from financing activities	(6,973,279)	900,000	20,841,230	1,404,826	(145,255)	16,027,522
Non-cash changes	-	(45,158)	(64,521)	16,149	66,573	(26,957)
Influence due to fluctuation of exchange rate	1,179	-	6,255	-	659	8,093
Balance as of December 31, 2023	\$ 31,802,900	36,304,203	56,608,526	65,742,467	332,443	190,790,539
Balance as of January 1, 2022	\$ 23,436,269	16,997,065	24,609,459	75,079,115	305,065	140,426,973
Change in cash from financing activities	15,297,568	18,500,000	8,737,393	(10,775,000)	(120,050)	31,639,911
Non-cash changes	-	(47,704)	33,972	17,377	203,253	206,898
Influence due to fluctuation of exchange rate	41,163	-	2,444,738	-	22,198	2,508,099
Balance as of December 31, 2022	\$ 38,775,000	35,449,361	35,825,562	64,321,492	410,466	174,781,881

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group and its subsidiaries.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Formosa Petrochemical Corporation	Associates
Nanya Technology Corporation	Associates
Formosa Resources Corporation	Associates
Formosa Heavy Industries Corporation	Associates
Formosa Heavy Industries (Ningbo) Co., Ltd.	Associates
Formosa Smart Energy Tech Corporation	Associates
Nan Ya Photonics Incorporation	Associates
Formosa Fairway Corporation	Associates
Formosa Industries Corporation	Associates
Formosa Group (Cayman) Limited	Associates
Formosa Environmental Technology Corporation	Associates
Formosa Advanced Technologies Co., Ltd.	Associates
Nan Ya Plastics (Zhengzhou) Co., Ltd.	Joint ventures
Nanya Kyowa Plastics (Nantong) Co., Ltd.	Joint ventures
P.T. Indonesia Nanya Indah Plastics Co.	Joint ventures
Formosa Plastics Corporation	Other related parties
Formosa Chemicals and Fiber Corporation	Other related parties
Formosa Taffeta Co., Ltd	Other related parties
Formosa Taffeta Viet Nam Co.,Ltd	Other related parties
Formosa Ha Tinh (Cayman) Ltd.	Other related parties
Formosa Ha Tinh Steel Corporation	Other related parties
China Man-made Fiber Corporation	Other related parties
Formosa Industries (Ningbo) Co., Ltd.	Other related parties
Formosa Chemicals and Fiber (Ningbo) Corporation	Other related parties
Xiamen Haicang Investment Group Co., Ltd.	Other related parties
Formosa Plastics Marine Corporation	Other related parties
Formosa Plastics Corporation U.S.A.	Other related parties
Formosa Industries Corporation, U.S.A.	Other related parties
Formosa Electronic (Ningbo) Co., Ltd.	Other related parties
Formosa Ineos Chemicals Corporation	Other related parties
Ming Chi University Of Technology	Other related parties

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Significant related-party transactions

(i) Sales to related parties

The amounts of significant sales by the Group to related parties were as follows:

	For the years ended December 31	
	2023	2022
Associates and joint ventures	\$ 3,381,606	5,902,408
Other related parties	9,623,571	15,494,192
	\$ 13,005,177	21,396,600

The receivables from related parties were as follows:

	December 31, 2023	December 31, 2022
Associates and joint ventures	\$ 474,421	610,625
Other related parties	646,873	921,024
	\$ 1,121,294	1,531,649

The Group sells mainly machinery and provides engineering services to related parties in China and Vietnam. Payment is made after the test run of machinery sold. Also, it sells other products to these related parties. Selling prices and collection terms of other products sold to these associates are not materially different from those to non-related general buyers. Payments are collected 30 to 180 days after shipping of these other products.

(ii) Purchase from related parties

The amounts of significant purchases by the Group from related parties were as follows:

	For the years ended December 31	
	2023	2022
Associates and joint ventures		
Formosa Petrochemical Corporation	\$ 17,750,787	30,305,922
Other associates and joint ventures	259,449	416,108
Other related parties		
Formosa Chemicals and Fiber Corporation	24,436,553	30,159,470
Other related parties	19,310,390	25,456,700
	\$ 61,757,179	86,338,200

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The payables to related parties were as follows:

	December 31, 2023	December 31, 2022
Associates and joint ventures		
Formosa Petrochemical Corporation	\$ 998,957	1,671,418
Other associates and joint ventures	136,650	10,958
Other related parties		
Formosa Chemicals and Fiber Corporation	1,993,408	2,053,415
Other related parties	<u>1,928,995</u>	<u>1,773,745</u>
	<u>\$ 5,058,010</u>	<u>5,509,536</u>

Purchase prices and payment terms of purchases from related parties are not materially different from those of non-related general suppliers. Payment shall be paid within 30 to 180 days of the month following the month of purchase with checks which are due and payable immediately.

(iii) Unrealized sales profit

Significant unrealized (realized) profits from sales to related parties were as follows:

	For the year ended December 31, 2023			For the year ended December 31, 2022		
Investee	Unrealized sales profit at beginning of period	(Realized) Unrealized sales profits	Unrealized sales profit at end of period	Unrealized sales profit at beginning of period	(Realized) Unrealized sales profits	Unrealized sales profit at end of period
Associates and joint ventures	<u>\$ 37,814</u>	<u>9,697</u>	<u>47,511</u>	<u>39,479</u>	<u>(1,665)</u>	<u>37,814</u>

(iv) Construction

The Group contracted with associates to construct and expand the factory. The construction costs were as follows:

	For the years ended December 31 2023	2022
Associates and joint ventures		
Formosa Heavy Industries Corporation	<u>\$ 307,826</u>	<u>270,240</u>

The payables to related parties were as follows:

	December 31, 2023	December 31, 2022
Formosa Heavy Industries Corporation	<u>\$ 144</u>	<u>137</u>

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Utility expenses

Part of the utilities of the Group's Lin-Yuan plant and all of the utilities of the Group's Ren-Wu plant, including power, water and steam, are supplied by or paid on behalf of the Group by the utility plants of Formosa Plastics Corporation. The utilities of the Group's Mai Liao plant, including power, water and steam, are supplied by Formosa Petrochemical Corporation. The expenses for utilities were as follows:

	For the years ended December 31	
	2023	2022
Associates and joint ventures		
Formosa Petrochemical Corporation	\$ 5,400,412	7,901,300
Other related parties		
Other related parties	115,713	141,688
	\$ 5,516,125	8,042,988

The payables to related parties were as follows:

	December 31, 2023	December 31, 2022
Associates and joint ventures		
Formosa Petrochemical Corporation	\$ 839	172,623

(vi) Property transactions

1) Purchases of property, plant and equipment

The purchases price of property, plant and equipment purchased from related parties were as follows:

	December 31, 2023	December 31, 2022
Associates and other related parties	\$ 353,906	203,077

For the years ended December 31, 2023 and 2022, the Group purchased property, plant, and equipment, amounting to \$353,906 and \$203,077, respectively. As of December 31, 2023 and 2022, there was no outstanding balance. For further description of the property, plant, and equipment, please refer to note 6(h).

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Acquisitions of financial assets

	Financial Statement Account	Transaction Shares (in thousands)	Transaction Items	For the year ended December 31, 2023
Associate - Formosa Plastics Constuction Corporation	Investments accounted for using equity method	50,000	Shares of stock of Formosa Plastics Constuction Corporation	\$ 500,000
Associate - Formosa Smart Energy Tech Corporation	Investments accounted for using equity method	75,000	Shares of stock of Formosa Smart Energy Tech Corporation	750,000
Associne - Formosa Resources Corporation	Investments accounted for using quity method	79,860	Shares of stock of Formosa Resources Corporation	798,600
				<u>\$ 2,048,600</u>

	Financial Statement Account	Transaction Shares (in thousands)	Transaction Items	For the year ended December 31, 2022
Associate - Formosa Smart Energy Tech Corporation	Investments accounted for using equity method	100,000	Shares of stock of Formosa Smart Energy Tech Corporation	\$ 1,000,000

3) Disposals of property, plant and equipment

The disposals of property, plant and equipment to related parties are summarized as follows:

	For the years ended December 31, 2023		For the years ended December 31, 2022	
	Disposal price	Gain (loss) from disposal	Disposal price	Gain (loss) from disposal
Other related parties	<u>\$ -</u>	<u>-</u>	<u>801,568</u>	<u>729,986</u>

As of December 31, 2022, there was no outstanding balance. Please refer to note 6(h) for the details of property, plant and equipment.

(vii) Loans to related parties

The loans to related parties were as follows:

	Other receivables from related parties	
	December 31, 2023	December 31, 2022
Associates and joint ventures		
Formosa Steel IB PTy Ltd	\$ 1,622,500	-
Other associates and joint ventures	157,452	176,405
Other related parties		
Formosa Plastics Marine Corporation	1,445,695	2,434,604
Other related parties	<u>73,773</u>	<u>74,952</u>
	<u>\$ 3,299,420</u>	<u>2,685,961</u>

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(viii) Endorsements and guarantees

The amounts of the Group's endorsements and guarantees for securing related parties' loans were as follows:

	December 31, 2023	December 31, 2022
Associates and joint ventures		
Formosa Group (Cayman) Limited	\$ 7,683,750	7,677,000

(ix) Leases

- 1) The rental income of the Group from leasing its plants to its related parties, recognized as other income, were as follows:

	For the years ended December 31	
	2023	2022
Associates and joint ventures		
Nan Ya Technology Corporation	\$ 436,075	348,341

The rentals charged to related parties are determined based on the local market prices, and rents are collected monthly depending on the contract.

- 2) The rental expenses of the Group's offices and buildings leased its related parties, recognized as operating costs and expenses, were as follows:

The Group rented an office building and a piece of land from Formosa Plastics Corporation. The rentals charged to related parties are determined based on the local market prices. For the years ended December 31, 2023 and 2022, the Group recognized the amount of \$6 and \$21 as interest expense, respectively. As of December 31, 2023 and 2022, the balance of lease liabilities amounted to \$0 and \$1,013, respectively.

The Group rented an office building from Formosa Chemicals and Fiber Corporation. The rentals charged to related parties are determined based on the local market prices. For the years ended December 31, 2023 and 2022, the Group recognized the amount to \$5 and \$14 as interest expense, respectively. As of December 31, 2023 and 2022, the balance of lease liabilities amounted to \$0 and \$729, respectively.

The Group rented an office building from Ming Chi University of Technology. The rentals charged to related parties are determined based on the local market prices. For the years ended December 31, 2023 and 2022, the Group recognized the amount to \$804 and \$850 as interest expense, respectively. As of December 31, 2023 and 2022, the balance of lease liabilities amounted to \$55,118 and \$58,393, respectively.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2023	2022
Short-term employee benefits	\$ <u>202,866</u>	<u>185,574</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	Usage	December 31, 2023	December 31, 2022
Current Financial assets at fair value through other comprehensive income — stock of Formosa Plastics Corporation	Others	The collateral to provisional execution in litigation	\$ 1,008,691	1,105,485
Investment accounted for using equity method — stock of Formosa Petrochemical Corporation	Others	The collateral to provisional execution in litigation	58,099	-
Building and Plant	Bank loans	Bank loans	<u>37,247,786</u>	<u>39,364,469</u>
Total			\$ <u>38,314,576</u>	<u>40,469,954</u>

(9) Significant Commitments and contingencies:

	December 31, 2023	December 31, 2022
(a) Outstanding standby letter of credit	\$ 851,668	1,776,989
(b) Endorsements and guarantees	7,683,750	7,677,000
(c) Bonding guarantees by banks	22,000	52,000
(d) Letters of credit guarantees by banks	48,000	52,000
(e) Formosa Ha Tinh (Cayman) Ltd. (the Company's investee) and Formosa Ha Tinh Steel Corporation (a subsidiary of Formosa Ha Tinh (Cayman) Ltd.), each separately signed a syndicated line of credit with a group of financial institutions amounting to USD 4,848,500 thousand and USD 2,453,500 thousand, respectively, for their operational needs. According to the requirement of the consortium, the Company has to offer a letter of undertaking or a letter of support based on its ownership of 11.432% and commit to monitor the operations of both companies to ensure they fulfill their financial obligations.		
(f) Nan Ya Plastics Corporation America (the Company's subsidiary) and Nan Ya Plastics Corporation Texas (a subsidiary of Nan Ya Plastics Corporation America), signed a syndicated line of credit with a group of financial institutions amounting to USD 1,000,000 thousand for their investment and expansion needs. According to the requirement of the consortium, the Company has to offer a letter of support based on its direct and indirect ownership of 100.00% and commit to monitor the operations of both companies to ensure they fulfill their financial obligations.		

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (g) Formosa Industries Corporation, a Company's investee, signed a syndicated line of credit with a group of financial institutions amounting to USD 200,000 thousand for its operational needs. According to the requirement of the consortium, the Company has to offer a letter of support based on its ownership of 42.50% and commit to monitor the operations of Formosa Industries Corporation to ensure that it completes its financial obligation.
- (h) Formosa Steel IB Pty Ltd. (a subsidiary of Formosa Resources Corporation), signed a syndicated line of credit with a group of financial institutions amounting to USD 695,000 thousand, for their operational needs. According to the requirement of the consortium, the Company has to offer a letter of support based on its ownership of 25.00% and commit to monitor the operations of Formosa Steel IB Pty Ltd. to ensure that it completes its financial obligation.
- (i) Formosa Resources Corporation, a Company's investee company, signed a syndicated line of credit with various banks amounting to USD 430,000 thousand for its operational needs. According to the requirement of the banks, the Company has to offer a letter of support based on its 25.00% direct shareholding in Formosa Resources Corporation, and commit to monitor the operations of Formosa Resources Corporation to ensure that it completes its financial obligation.
- (j) Formosa Resources Australia Pty Ltd. (a subsidiary of Formosa Resources Corporation), signed a syndicated line of credit with various banks amounting to USD 550,000 thousand, for their operational needs. According to the requirement of the banks, the Company has to offer a letter of support based on its 25.00% indirect shareholding in Formosa Resources Australia Pty Ltd., and commit to monitor the operations of Formosa Resources Australia Pty Ltd. to ensure that it completes its financial obligation.
- (k) Litigation between the Company and DBTEL Incorporated(a)

The Company's client, DBTEL Inc. (DBTEL), placed several orders from the Company concerning LCD monitors since May 2003. However, in June 2004, it decided to cancel some of them, even demanding the Company to postpone its delivery; and in some cases, it went to a certain extent as to refuse accepting the goods delivered by the Company, resulting in a stock up of both raw materials and finished products in the Company's warehouse amounting to USD 5,409,815 and TWD 100,846,141. In light of this matter, the Company filed a lawsuit against DBTEL to the Taiwan High Court on April 6, 2006, demanding for compensation for the damage caused by DBTEL, who in turn filed a counterclaim to the Supreme Court against the Company requesting for either a refund or reduction of payment.

The Supreme Court made the following decisions on January 5, 2022:

- (i) The Supreme Court handed the following cases over to the Taiwan High Court for reconsideration:
 - 1) The Company's request for the compensations of USD 4,116,460, TWD 73,616,980, and TWD 27,229,161 (all including principal and interest) from DBTEL concerning Schedules II, III, and IV, respectively.
 - 2) DBTEL's request for the refund on other declarations of provisional execution.

The Company will respond according based on the decision made by the court.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) The Supreme Court rejected DBTEL's counterclaim, and instead, ruled in favor of the Company and ordered DBTEL to pay a portion of the payment for schedule I amounting to USD 1,278,863, with the remaining amount of USD 14,492 being dismissed by the Taiwan High Court as the interest amount did not exceed TWD 1.5 million and could not be appealed to the Supreme Court.

(l) Litigation between the Company and DBTEL Incorporated (b)

On June 29, 2018, DBREL Inc.(DBTEL) filed a lawsuit to the Taipei District Court against the Company, demanding for the original compensation of TWD 10 million, which was later increased to TWD 1 billion, for the losses it incurred resulting from the delay of its production and customer returns due to the deferred transaction and defective goods delivered by the Company. On April 29, 2021, the Taipei District Court ruled that the Company need not be responsible for any damage, and demanded DBTEL to pay for the litigation expenses. DBTEL disagreed with the decision made by the Taipei District Court and filed an appeal to the Taiwan High Court. However, DBTEL reduced the damage to TWD 350,000,000. This case was still in progress as of the reporting date, and the Company has engaged a law firm to handle the matter.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, were as follows:

by function by item	For the years ended December 31,							
	2023				2022			
	Operating Costs	Operating expenses	Non-Operating expenses	Total	Operating Costs	Operating expenses	Non-Operating expenses	Total
Employee benefit								
Salaries	22,389,702	5,569,523	-	27,959,225	25,534,594	6,062,781	-	31,597,375
Labor and health insurance	2,371,514	424,776	-	2,796,290	2,390,168	409,717	-	2,799,885
Pension expenses	1,612,684	376,968	-	1,989,652	1,666,926	357,016	-	2,023,942
Remuneration of directors	-	39,384	-	39,384	-	37,755	-	37,755
Others personnel expenses	1,395,184	262,751	-	1,657,935	1,472,590	273,094	-	1,745,684
Depreciation	21,495,756	919,592	21,818	22,437,166	18,759,462	736,545	14,504	19,510,511
Amortization	746,395	260,823	-	1,007,218	788,576	254,343	-	1,042,919

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures:

- (a) Information on significant transactions:
 - (i) Loan to other parties: Please see attached Table 1.
 - (ii) Guarantees and endorsements for other parties: Please see attached Table 2.
 - (iii) Information regarding securities held at the reporting date (excluding investment in subsidiaries, associates and joint ventures): Please see attached Table 3.
 - (iv) Information regarding individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: Please see attached Table 4.
 - (v) Information regarding acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: Please see attached Table 5.
 - (vi) Information regarding disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None
 - (vii) Information regarding related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock: Please see attached Table 6.
 - (viii) Information regarding receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of the capital stock: Please see attached Table 7.
 - (ix) Information regarding trading in derivative financial instruments: None.
 - (x) Significant transactions and business relationship between the Company and its subsidiaries: Please see attached Table 8.
- (b) Information on investees: Please see attached Table 9.
- (c) Information on investment in mainland China: Please see attached Table 10.
- (d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Chang Gung Medical Foundation		876,733,453	11.05 %
Formosa Plastics Corporation		783,356,866	9.87 %
Formosa Chemicals and Fiber Corporation		413,327,750	5.21 %

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (i) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.
- (ii) If share are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

(14) Segment information:

(a) General Information

The Group's four reportable segments are: plastics products, plastic materials, electronic materials and fiber products. Plastic products department mainly engaged in the manufacture and sale of flexible PVC sheets and other plastics processing products; plastic materials department is mainly engaged in the manufacture and sale of ethylene glycol and other plastic petrochemical raw materials; electronic materials department is mainly engaged in the manufacture and sale of copper clad laminate; fiber products department is mainly engaged in the manufacture and sale of polyester products.

The Group's reportable segments are responsible for the Group's strategic business units, including the manufacturing and supplying of different products. As each strategic business unit requires different technology and marketing strategies, each unit is administered individually.

(b) Segment revenue and operating results

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, excluding any shares of profit (loss) of associates and joint ventures accounted for using equity method, income tax, extraordinary gains and losses, and foreign exchange gains and losses, because they are managed on a group basis, and hence they are not allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

There were no material differences between the accounting policies adopted for the Group's operating segments and those described in Note 4. The terms and conditions for the Group's intersegment sales and transfers are the same as those of third-party transactions, which are measured at market price.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Operating segments are combined and reconciled as follows:

		For the year ended December 31, 2023					
		Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Total
Revenue :							
Net revenue from external customers	\$	38,538,773	54,899,508	115,545,988	45,210,594	5,560,481	259,755,344
Net revenue from sales among intersegments		1,114,501	6,725,227	15,313,024	1,624,750	3,397,431	-
Interest revenue		186,834	134,621	1,448,454	3,398	1,034,828	2,727,582
Total revenue	\$	<u>39,840,108</u>	<u>61,759,356</u>	<u>132,307,466</u>	<u>46,838,742</u>	<u>9,992,740</u>	<u>262,482,926</u>
Interest expense	\$	162,262	136,461	334,509	167,645	3,306,389	3,997,897
Depreciation and amortization		1,841,089	7,173,722	11,426,525	1,716,712	1,286,336	23,444,384
Share of profit (loss) of associates and joint ventures accounted for using equity method							3,974,170
Reportable segment profit or loss	\$	<u>2,813,248</u>	<u>(5,812,667)</u>	<u>7,776,124</u>	<u>(562,509)</u>	<u>7,845,038</u>	<u>9,130,315</u>
Reportable segment assets	\$	<u>37,719,177</u>	<u>90,049,608</u>	<u>191,081,319</u>	<u>30,703,505</u>	<u>507,544,927</u>	<u>648,527,953</u>
Reportable segment liabilities	\$	<u>9,164,925</u>	<u>48,188,029</u>	<u>44,599,112</u>	<u>10,129,188</u>	<u>165,493,363</u>	<u>271,443,894</u>

		For the year ended December 31, 2022					
		Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Total
Revenue :							
Net revenue from external customers	\$	43,419,074	82,490,961	160,662,310	63,956,821	4,654,134	355,183,300
Net revenue from sales among intersegments		1,525,527	7,260,208	19,962,325	1,553,712	6,892,322	-
Interest revenue		158,347	121,434	1,078,652	1,578	413,382	1,615,935
Total revenue	\$	<u>45,102,948</u>	<u>89,872,603</u>	<u>181,703,287</u>	<u>65,512,111</u>	<u>11,959,838</u>	<u>356,799,235</u>
Interest expense	\$	94,100	119,072	381,581	160,129	1,708,732	2,306,156
Depreciation and amortization		1,639,882	6,890,179	9,608,758	1,908,795	505,816	20,553,430
Share of profit (loss) of associates and joint ventures accounted for using equity method							4,818,856
Reportable segment profit or loss	\$	<u>3,299,075</u>	<u>706,675</u>	<u>31,093,602</u>	<u>4,525,295</u>	<u>25,768,584</u>	<u>47,550,832</u>
Reportable segment assets	\$	<u>39,901,743</u>	<u>102,449,513</u>	<u>211,304,562</u>	<u>34,576,065</u>	<u>513,666,439</u>	<u>665,316,156</u>
Reportable segment liabilities	\$	<u>9,703,013</u>	<u>53,210,246</u>	<u>52,311,326</u>	<u>9,986,906</u>	<u>151,338,377</u>	<u>271,214,726</u>

Further explanations of the significant reconciling items of reportable segment information exhibited above are described as follows:

The eliminations of the Group's intersegment revenue amounted to \$28,255,486 and \$37,351,552 in 2023 and 2022, respectively.

(c) Geographic information

The Group's revenues from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are as follows:

Geographic	For the years ended December 31	
	2023	2022
Net Revenue from External Customers:		
Taiwan	\$ 75,992,144	104,979,097
China and HK	92,907,058	130,280,105
U.S.A.	41,082,338	53,090,685
Others	49,773,804	66,833,413
	<u>\$ 259,755,344</u>	<u>355,183,300</u>

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Geographic</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current Assets:		
Taiwan	\$ 124,175,612	115,921,800
China and HK	60,870,561	63,952,141
U.S.A.	<u>48,791,786</u>	<u>50,504,112</u>
	<u>\$ 233,837,959</u>	<u>230,378,053</u>

Non-current assets include property, plant and equipment, intangible assets, technology development expense, prepayments for purchase of equipment and other assets, but do not include financial instruments, deferred tax assets, post-employment benefit assets, and non-current assets arising from insurance contracts.

(d) Information about major customers

There is no single customer's sale which exceeds 10% of the Group's revenues.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
LENDING TO OTHER PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 1

No.	Name of Lenders	Name of Borrowers	Account Name	Related Party	Highest Balance of Financing in Other Parties during the Period	Ending Balance	Actual Usage during the Period	Range of Interest Rates during the Period	Purposes of Fund Financing for the Borrowers (Note 1)	Transaction Amount for Business Between Two Parties (Note 2)	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral	Individual Funding Loan Limits (Note 3.4)	Maximum Limitation on Fund Financing (Note 3.4)
													Item	Value	
0	The Company	Fermosa Plastics Group Investment Corp. (Note 6)	Other receivables from related parties	YES	100,000	100,000	-	-	2	-	Operating capital	-	-	36,014,428	180,072,140
0	The Company	Wellink Technology Corporation (Note 6)	Other receivables from related parties	YES	100,000	100,000	-	-	2	-	Operating capital	-	-	36,014,428	180,072,140
0	The Company	PPG Fiber Glass Corporation (Note 6)	Other receivables from related parties	YES	500,000	500,000	-	1.863869%~1.86367%	2	-	Operating capital	-	-	36,014,428	180,072,140
0	The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. (Note 6)	Other receivables from related parties	YES	500,000	500,000	-	-	2	-	Operating capital	-	-	36,014,428	180,072,140
0	The Company	Fermosa Heavy Industries Corporation	Other receivables from related parties	YES	7,600,000	5,700,000	-	1.99307%~1.993392%	2	-	Operating capital	-	-	90,036,070	180,072,140
0	The Company	Fermosa Petrochemical Corporation	Other receivables from related parties	YES	8,500,000	4,500,000	-	-	2	-	Operating capital	-	-	90,036,070	180,072,140
0	The Company	Fermosa Plastics Corporation	Other receivables from related parties	YES	8,500,000	4,500,000	-	-	2	-	Operating capital	-	-	90,036,070	180,072,140
0	The Company	Fermosa Chemicals and Fiber Corporation	Other receivables from related parties	YES	8,500,000	4,500,000	-	-	2	-	Operating capital	-	-	90,036,070	180,072,140
0	The Company	Fermosa Plastics Marine Corporation	Other receivables from related parties	YES	2,969,553	1,725,695	-	1.863869%~1.99378%	2	-	Operating capital	-	-	90,036,070	180,072,140
0	The Company	Fermosa Steel IB Py. Ltd.	Other receivables from related parties	YES	1,700,000	1,622,500	-	1.99378%~1.99378%	2	-	Operating capital	-	-	90,036,070	180,072,140
1	Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation Texas (Note 6)	Other receivables from related parties	YES	15,982,200	11,064,600	-	5.392%~6.591%	2	-	Operating capital	-	-	22,023,706	44,059,412
1	Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation U.S.A. (Note 6)	Other receivables from related parties	YES	3,073,500	3,073,500	-	5.392%~6.591%	2	-	Operating capital	-	-	22,023,706	44,059,412
2	Nan Ya PCB Corporation	Nan Ya PCB (HK) Corporation (Note 6)	Other receivables from related parties	YES	50,000	50,000	-	-	2	-	Operating capital	-	-	11,976,979	23,953,958
3	Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Draw Textured Yam (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	1,735,825	1,735,825	-	0.7004%	2	-	Operating capital	-	-	55,605,765	111,211,530
4	Wen Fung Industrial Co., Ltd.	Wellink Technology Corporation (Note 6)	Other receivables from related parties	YES	23,000	23,000	-	-	2	-	Operating capital	-	-	27,408	274,079
4	Wen Fung Industrial Co., Ltd.	Fermosa Environmental Technology Corporation	Other receivables from related parties	YES	60,000	60,000	-	1.863869%~1.99378%	2	-	Operating capital	-	-	109,632	274,079
4	Wen Fung Industrial Co., Ltd.	Fermosa Farway Corporation	Other receivables from related parties	YES	15,000	15,000	-	1.863869%~1.99378%	2	-	Operating capital	-	-	109,632	274,079
5	Nan Ya Plastics (Guangzhou) Co., Ltd.	Nan Ya Draw Textured Yam (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	620,558	-	-	2.76%~2.92%	2	-	Operating capital	-	-	1,105,241	2,210,482
6	Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Draw Textured Yam (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	954,704	824,517	-	2.76%~2.96%	2	-	Operating capital	-	-	1,800,507	3,601,013
7	Nan Ya Plastics (Xiamen) Co., Ltd.	Xiamen Haicang Investment Group Co., Ltd.	Other receivables from related parties	YES	147,445	73,773	-	2.84%~2.96%	2	-	Operating capital	-	-	277,081	542,161
7	Nan Ya Plastics (Xiamen) Co., Ltd.	Nan Ya Plastics (Zhenzhou) Co., Ltd.	Other receivables from related parties	YES	99,810	91,131	-	2.84%~2.96%	2	-	Operating capital	-	-	277,081	542,161
8	Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Draw Textured Yam (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	564,143	329,807	-	2.76%~2.96%	2	-	Operating capital	-	-	5,429,767	10,859,534
9	China Nantong Huafeng Co., Ltd.	Nan Ya Draw Textured Yam (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	171,413	169,243	-	2.76%~2.92%	2	-	Operating capital	-	-	174,360	348,719
10	Nantong Huafeng Plastics Co., Ltd.	Nan Ya Draw Textured Yam (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	46,433	46,433	-	2.76%~2.96%	2	-	Operating capital	-	-	49,913	99,825
11	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Draw Textured Yam (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	2,169,782	1,781,391	-	2.76%~2.96%	2	-	Operating capital	-	-	31,159,840	62,319,680
11	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	YES	9,243,269	3,645,233	-	2.84%~3.04%	2	-	Operating capital	-	-	31,159,840	62,319,680
12	Nan Ya Plastics (Ningbo) Co., Ltd.	Nan Ya Draw Textured Yam (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	YES	1,165,173	1,032,816	-	2.76%~2.96%	2	-	Operating capital	-	-	6,552,601	13,105,202

Note 1 : (a) Those with business contact please fill in 1; (b) Those necessary for short-term financing please fill in 2.

Note 2 : Amount from business contact stands for the sum of purchases and sales.

Note 3 : Capital loaned to other parties should not exceed 50% of the lender's net worth, of which the sum loaned to non-interest parties for capital requirements should not exceed 40% of the net worth of borrower.

The cap amount of loans to associates and interested parties should not exceed 25% of the equity of the lenders. Other parties should not exceed 20% of the lender's net worth.

The Company's authorized loans should not exceed 10% of the net worth.

Note 4 : Subsidiaries' capital loaned to associates and interested parties should not exceed 50% of the equity of the lenders. Other parties should not exceed 40% of the lender's net worth.

The subsidiaries' cap amount of loans to other parties should not exceed 100% of its equity. Non-interest parties should not exceed 40% of its net worth. However, subsidiaries' capital loaned to the parties located in non-Taiwan and directly or indirectly held by the company 100% of the shares are not be limited.

Note 5 : Reporting currency of Nan Ya Plastics Corporation, America and Nan Ya Plastics corporation USA are denominated in USD, and the exchange rate of TWD to USD as of December 31, 2023 (in average) is 30.735(31.178) : 1.

Reporting currency of Nan Ya Plastics (Hong Kong) Co., Ltd and Superior World Wide Trading Co., Ltd. are denominated in HKD, and the exchange rate of TWD to HKD as of December 31, 2023 (in average) is 3.9404(3.9972) : 1.

Note 6 : This transaction has already been written off during the consolidation process.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
GUARANTEES AND ENDORSEMENTS FOR OTHER PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 2

No	Endorsement Guarantee Provider	Counterparty of Guarantee and Endorsement		Limitation Amount of Guarantees and Endorsements for a Specific Enterprise	Highest Balance for Guarantees and Endorsements during the Period	Ending Balance of Guarantees and Endorsements as of December 31, 2023	Amount Secured by Guaranteed and Endorsed Property	Amount of Endorsement /Guarantee Collateralized by Properties	Ratio of Accumulated Amounts of Guarantees and Endorsements to Net Worth of the Latest Financial Statements	Maximum Amounts for Guarantees and Endorsements	Parent Company Endorses /Guarantees to Third Parties on Behalf of Subsidiary	Subsidiary Endorses /Guarantees to Third Parties on Behalf of Parent Company	Endorsements /Guarantees to the Third Parties on Behalf of the Companies in Mainland China
		Name	Relationship with The Company (Note)										
0	The Company	Formosa Group (Cayman) Ltd.	6	234,093,782	8,104,750	7,683,750	7,683,750	-	2.13%	468,187,563	N	N	N

Note 1: The total amount of guarantees and endorsements by the company shall not exceed 1.3 times of the company's net value, and the amount of guarantees and endorsements for a specific enterprise shall not exceed one half of the foregoing total.

Note 2: There are seven conditions in which the Company may have guarantees or endorsements for other parties as follows:

- (1) The Company has business relationship.
- (2) The Company holds directly and indirectly more than 50% of the voting shares of the subsidiaries.
- (3) In aggregate, the Company holds directly or its subsidiaries hold indirectly more than 50% of the investee.
- (4) Subsidiaries in which the Company holds directly or indirectly more than 90% of the voting shares make endorsement and guarantees for each other.
- (5) The Company is required to provide guarantees or endorsements for the construction project based on the construction contract.
- (6) The stockholders of the Company provide guarantees or endorsements for the investee in proportion to their stockholding percentage.
- (7) According to Consumer Protection Act, companies are required to provide guarantees and endorsements for joint and several liabilities if take part in business of preconstruction real estate.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATION REGARDING SECURITIES HELD AT THE REPORTING DATE
(SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES NOT INCLUDED)
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 3

Security Holder	Category and Name of Security	Relationship Between Issuer of Security and the Company which Holds Securities	Account Name	December 31, 2023				Highest Percentage of Ownership During the Year	Notes
				Number of Shares (in thousands)	Carrying Value	Shareholding Percentage	Market Value or Net Asset Value		
The Company	Mega International Private USD Money Market	-	Financial assets valued at FVTPL – current	4,554	1,641,598	-	1,641,598	-	
The Company	Formosa Plastics Corporation	Other related parties	Financial assets valued at FVTOCI – current	294,793	23,347,614	4.63%	23,347,614	4.63%	Note 1
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	Financial assets valued at FVTOCI – current	140,520	8,754,374	2.40%	8,754,374	2.40%	
The Company	Formosa Group Ocean Marine Investment Corporation	Other related parties	Financial assets valued at FVTOCI – non current	3	6,307,880	19.00%	6,307,880	19.00%	
The Company	Formosa Plastics Corporation U.S.A.	Other related parties	Financial assets valued at FVTOCI – non current	2	764,354	0.51%	764,354	0.51%	
The Company	Ostendo Technologies Inc.	-	Financial assets valued at FVTOCI – non current	150	-	0.12%	-	0.12%	
The Company	Formosa Plastics Maritime Corp.	Other related parties	Financial assets valued at FVTOCI – non current	352	189,290	18.00%	189,290	18.00%	
The Company	Formosa International Development Co., Ltd.	Other related parties	Financial assets valued at FVTOCI – non current	20,471	257,919	18.00%	257,919	18.00%	
The Company	Mai Liao Harbor Administration Corp.	Other related parties	Financial assets valued at FVTOCI – non current	39,562	1,146,969	17.98%	1,146,969	17.98%	
The Company	Formosa Plastics Marine Corporation	Other related parties	Financial assets valued at FVTOCI – non current	11,657	501,865	15.00%	501,865	15.00%	
The Company	ASIA Pacific Investment Co.	Other related parties	Financial assets valued at FVTOCI – non current	63,717	2,164,611	14.99%	2,164,611	14.99%	
The Company	Formosa Technologies Corporation	Other related parties	Financial assets valued at FVTOCI – non current	2,925	265,371	12.50%	265,371	12.50%	
The Company	Central Leasing Corp.	-	Financial assets valued at FVTOCI – non current	1,779	-	1.07%	-	1.07%	
The Company	Chinese Television System Inc.	-	Financial assets valued at FVTOCI – non current	1,769	67,336	1.04%	67,336	1.04%	
The Company	China Investment & Development Company, Limited	-	Financial assets valued at FVTOCI – non current	1,287	11,628	0.80%	11,628	0.80%	

Security Holder	Category and Name of Security	Relationship Between Issuer of Security and the Company which Holds Securities	Account Name	December 31, 2023				Highest Percentage of Ownership During the Year	Notes
				Number of Shares (in thousands)	Carrying Value	Shareholding Percentage	Market Value or Net Asset Value		
The Company	Taiwan Aerospace Corp.	-	Financial assets valued at FVTOCI – non current	1,070	28,551	0.79%	28,551	0.79%	
The Company	Guang Yuan Securities Investment Consulting Corporation	-	Financial assets valued at FVTOCI – non current	3,750	31,275	3.91%	31,275	3.91%	
The Company	Mega Growth Capital Venture	-	Financial assets valued at FVTOCI – non current	1,390	11,045	1.97%	11,045	1.97%	
The Company	Formosa Ha Tinh (Cayman) Ltd.	-	Financial assets valued at FVTOCI – non current	621,178	6,873,089	11.43%	6,873,089	11.43%	
Nan Ya PCB Corporation	Formosa Plastics Corporation	Other related parties	Financial assets valued at FVTOCI – current	2,996	237,283	0.05%	237,283	0.05%	
Nan Ya Plastics Corporation America	Sutton (Bonds)	-	Financial assets valued at FVTPL – non current	-	466,584	-	466,584	-	
Nan Ya Plastics Corporation America	American Overseas Reinsurance Co., Ltd. (Preferred Stock)	-	Financial assets valued at FVTPL – non current	-	-	-	-	-	
Nan Ya Plastics Corporation America	MBIA Insurance Corp. (Preferred Stock)	-	Financial assets valued at FVTPL – non current	-	198,937	-	198,937	-	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Hua Ya (Dong Ying) Plastics Corp.	-	Financial assets valued at FVTOCI – non current	-	481,552	15.00%	481,552	15.00%	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Hua Ya (Wu Hu) Plastics Corp.	-	Financial assets valued at FVTOCI – non current	-	434,305	15.00%	434,305	15.00%	

Note 1 : The Company pledged its shares of Formosa Plastics Corporation of 12,736 thousand common shares amounting to \$1,008,691.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATION REGARDING INDIVIDUAL SECURITIES ACQUIRED OR DISPOSED OF WITH ACCUMULATED AMOUNT EXCEEDING THE LOWER OF TWD300 MILLION OR 20% OF THE CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 4

Company Name	Category and Name of Security	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Price	Carrying Value	Gain/Loss on Disposal	Shares (in thousands)	Amount
The Company	Formosa Smart Energy Tech Corporation	Investments accounted for using equity method	Formosa Smart Energy Tech Corporation	Investments accounted for using equity method	100,000	1,000,818	75,000	750,000	-	-	-	-	175,000	1,733,910 (Note)
The Company	Formosa Resources Corporation	Investments accounted for using equity method	Formosa Resources Corporation	Investments accounted for using equity method	830,047	7,703,818	79,860	798,600	-	-	-	-	909,907	7,714,129 (Note)
The Company	Formosa Plastics Construction Corporation	Investments accounted for using equity method	Formosa Plastics Construction Corporation	Investments accounted for using equity method	60,000	565,554	50,000	500,000	-	-	-	-	110,000	1,051,647 (Note)

Note : End of period amount includes investment income and transaction adjustment under equity method and the effect of exchange changes.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATION REGARDING ACQUISITION OF INDIVIDUAL REAL ESTATE WITH AMOUNT EXCEEDING THE LOWER OF TWD300 MILLION OR 20% OF THE CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 5

Company Name	Name of Property	Transaction Date (Note 1)	Transaction Amount (Note 2)	Status of Payment	Counter-party	Relationship with the Company	Disclosure of Information on Previous Transfer of Equipment is Required for Related Parties who are also the Counter Parties				References for Determining Price	Purpose of Acquisition and Current Condition	Others
							Owner	Relationship with the Company	Date of Transfer	Amount			
Nan Ya Plastics (Ningbo) Co., Ltd.	Construction in progress	2020.7.30	RMB 257,631	RMB 246,396	China MCC20 Group Corporation Ltd.	Unrelated party	-	-	-	-	Negotiation	Plant expansion	None
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Construction in progress	2023.7.14	RMB 174,809	RMB 26,221	China Construction Seventh Engineering Division. Corp. Ltd.	Unrelated party	-	-	-	-	Negotiation	Plant expansion	None
Nan Ya Plastics Corporation U.S.A.	Construction in progress	2023.12.27	USD 49,200	USD 49,200	DRI/JS Northeast Crossing, LLC	Unrelated party	-	-	-	-	Negotiation	Plant expansion	None

Note 1 : Transaction date refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

Note 2 : Contract amount.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATION REGARDING RELATED-PARTY TRANSACTIONS FOR PURCHASES AND SALES WITH AMOUNTS EXCEEDING THE LOWER OF TWD 100 MILLION OR 20% OF THE CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 6

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Notes
			Purchases / (Sales)	Amount	% to total purchase/(sales)	Credit Period	Unit Price	Payment Term	Ending Balance	% to Total	
The Company	Formosa Plastics Corporation	Other related parties	(Sales)	(1,660,248)	(1.37)%	30 days	-	-	126,412	0.83%	
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	(Sales)	(5,736,720)	(4.74)%	30 days	-	-	452,435	3.05%	
The Company	Nan Ya PCB Corporation	Subsidiaries	(Sales)	(1,798,481)	(1.49)%	30 days	-	-	127,591	0.86%	Note
The Company	Formosa Petrochemical Corporation	Associates	(Sales)	(1,527,768)	(1.26)%	30 days	-	-	187,616	1.27%	
The Company	Nanya Technology Corporation	Associates	(Sales)	(211,365)	(0.17)%	30 days	-	-	17,825	0.12%	
The Company	Formosa Taffeta Co., Ltd.	Other related parties	(Sales)	(478,134)	(0.40)%	30 days	-	-	37,275	0.25%	
The Company	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	(Sales)	(173,756)	(0.14)%	O/A150 days	-	-	-	-	
The Company	Nan Ya Plastics Corporation U.S.A.	Subsidiaries	(Sales)	(885,565)	(0.73)%	O/A105 days	-	-	589,435	3.98%	Note
The Company	Nan Ya Plastics Corporation America	Subsidiaries	(Sales)	(757,215)	(0.63)%	O/A105 days	-	-	181,332	1.22%	Note
The Company	Nan Ya Electronic Materials (Huzhou) Co., Ltd.	Subsidiaries	(Sales)	(2,384,036)	(1.97)%	O/A180 days	-	-	632,055	4.26%	Note
The Company	Nan Ya Plastics (Nantong) Co., Ltd.	Subsidiaries	(Sales)	(353,573)	(0.29)%	O/A150 days	-	-	96,797	0.65%	Note
The Company	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(1,793,057)	(1.48)%	O/A150 days	-	-	416,163	2.81%	Note
The Company	Formosa Industries Corporation	Associates	(Sales)	(616,586)	(0.51)%	O/A150 days	-	-	119,677	0.81%	Note
The Company	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(159,847)	(0.13)%	O/A150 days	-	-	70,564	0.48%	Note
The Company	Nan Ya Plastics (Ningbo) Co., Ltd.	Subsidiaries	(Sales)	(1,205,991)	(1.00)%	O/A150 days	-	-	95,100	0.64%	Note
The Company	Nan Chung Petrochemical Corporation	Subsidiaries	(Sales)	(261,368)	(0.22)%	30 days	-	-	-	-	Note
The Company	Nan Ya Plastics (Guangzhou) Co., Ltd.	Subsidiaries	(Sales)	(101,675)	(0.08)%	O/A150 days	-	-	16,228	0.11%	Note
The Company	Formosa Plastics Corporation	Other related parties	Purchases	9,496,629	11.75%	30 days	-	-	(769,831)	(8.14)%	
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	Purchases	24,008,251	29.71%	30 days	-	-	(1,920,188)	(20.30)%	
The Company	Formosa Petrochemical Corporation	Associates	Purchases	16,673,343	20.64%	30 days	-	-	(998,957)	(10.56)%	
The Company	PPFG Fiber Glass Corporation	Subsidiaries	Purchases	1,990,129	2.46%	30 days	-	-	(176,375)	(1.87)%	Note
The Company	Nan Chung Petrochemical Corporation	Subsidiaries	Purchases	878,217	1.09%	30 days	-	-	-	-	Note
The Company	Formosa Incos Chemicals Corporation	Other related parties	Purchases	139,128	0.17%	30 days	-	-	(22,199)	(0.23)%	
The Company	Formosa Incos Chemicals Corporation	Subsidiaries	Purchases	514,249	0.64%	O/A150 days	-	-	(57,375)	(0.61)%	Note
The Company	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Purchases	625,907	0.77%	O/A150 days	-	-	(125,405)	(1.33)%	Note
The Company	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	Purchases	1,798,481	18.45%	30 days	-	-	(127,590)	(5.85)%	Note
The Company	The Company	Parent	Purchases	3,985,733	40.88%	30 days	-	-	(317,600)	(4.56)%	Note
Nan Ya PCB Corporation	Nan Ya PCB (Kunshan) Corporation	Subsidiaries	(Sales)	(175,676)	(0.60)%	70 days	-	-	10,705	0.22%	
Nan Ya PCB Corporation	Formosa Advanced Technologies Co., Ltd.	Associates	(Sales)	(3,985,733)	(23.76)%	30 days	-	-	317,600	13.17%	Note
Nan Ya PCB (Kunshan) Corporation	Nan Ya PCB Corporation	Subsidiaries	Purchases	714,255	9.71%	60 days	-	-	(47,725)	(3.98)%	
Nan Ya PCB (Kunshan) Corporation	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Associates	(Sales)	(373,924)	(2.23)%	70 days	-	-	36,931	1.53%	
Nan Ya PCB (Kunshan) Corporation	Formosa Advanced Technologies Co., Ltd.	Purchases	(Sales)	120,516	1.64%	60 days	-	-	(20,682)	(1.72)%	
Nan Ya PCB (Kunshan) Corporation	The Company	Parent	(Sales)	(878,217)	(52.99)%	30 days	-	-	-	-	Note
Nan Chung Petrochemical Corporation	China Man-made Fiber Corporation	Other related parties	(Sales)	(778,593)	(46.98)%	15th day of next month	-	-	-	-	
Nan Chung Petrochemical Corporation	Formosa Petrochemical Corporation	Associates	Purchases	1,071,873	53.68%	15th day of next month	-	-	-	-	
Nan Chung Petrochemical Corporation	The Company	Parent	Purchases	261,368	13.09%	30 days	-	-	-	-	
Nan Chung Petrochemical Corporation	Nan Ya PCB (Kunshan) Corporation	Subsidiaries	(Sales)	(120,516)	(78.08)%	O/A150 days	-	-	20,683	80.44%	Note
Nan Chung Petrochemical Corporation	The Company	Parent	(Sales)	(1,990,129)	(72.68)%	30 days	-	-	176,375	82.05%	Note
PPFG Fiber Glass Corporation	Formosa Chemicals and Fiber Corporation	Other related parties	Purchases	352,151	38.63%	30 days	-	-	(24,489)	(15.49)%	
Nan Ya Plastics Corporation U.S.A.	Formosa Plastics Corporation U.S.A.	Other related parties	Purchases	655,076	22.68%	payment within one month	-	-	(57,890)	(7.95)%	
Nan Ya Plastics Corporation U.S.A.	The Company	Parent	Purchases	885,565	30.66%	O/A105 days	-	-	(589,435)	(80.93)%	Note
Nan Ya Plastics Corporation America	Formosa Plastics Corporation U.S.A.	Other related parties	(Sales)	(405,608)	(1.43)%	payment within one month	-	-	-	-	
Nan Ya Plastics Corporation America	Formosa Plastics Corporation U.S.A.	Other related parties	Purchases	110,109	0.47%	payment within one month	-	-	(8,792)	(1.00)%	
Nan Ya Plastics Corporation America	The Company	Parent	Purchases	757,215	3.24%	O/A105 days	-	-	(181,332)	(20.59)%	Note
Nan Ya Plastics Corporation Texas	Formosa Plastics Corporation U.S.A.	Other related parties	(Sales)	(163,390)	(2.46)%	payment within one month	-	-	-	-	

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Notes
			Purchases / (Sales)	Amount	% to total purchases/(sales)	Credit Period	Unit Price	Payment Term	Ending Balances	% to Total	
PPG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(1,861,117)	(62.11)%	60 days	-	-	159,440	41.13%	Note
PPG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	(Sales)	(432,119)	(14.42)%	60 days	-	-	159,412	41.12%	Note
PPG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Purchases	149,512	8.96%	60 days	-	-	(12,370)	(5.94)%	Note
Nan Ya Plastics (Xiamen) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	Purchases	159,302	17.27%	60 days	-	-	(15,579)	(23.07)%	
Nan Ya Plastics (Guangzhou) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	Purchases	406,124	27.06%	60 days	-	-	(37,846)	(31.51)%	
Nan Ya Plastics (Guangzhou) Co., Ltd.	The Company	Parent	Purchases	101,675	6.77%	O/A150 days	-	-	(16,228)	(13.51)%	Note
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	The Company	Parent	Purchases	2,384,036	25.06%	O/A180 days	-	-	(632,055)	(23.47)%	Note
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	PPG Fiber Glass (Kunshan) Co., Ltd.	Subsidiaries	Purchases	432,119	4.54%	60 days	-	-	(159,412)	(5.92)%	Note
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Purchases	5,355,863	56.29%	180 days	-	-	(1,806,716)	(67.08)%	Note
Nan Ya Plastics (Nantong) Co., Ltd.	The Company	Parent	Purchases	353,573	9.96%	O/A150 days	-	-	(96,797)	(23.96)%	Note
Nan Ya Plastics (Nantong) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	Purchases	796,246	22.44%	60 days	-	-	(76,127)	(18.84)%	
Nan Ya Plastics (Nantong) Co., Ltd.	Nanya Kyowa Plastics (Nantong) Co., Ltd.	Joint ventures	(Sales)	(168,801)	(3.37)%	60 days	-	-	32,878	2.04%	
Nan Ya Electric (Nantong) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	(Sales)	(125,860)	(16.18)%	60 days	-	-	23,921	15.03%	
Nan Ya Plastics (Ningbo) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(4,071,573)	(53.83)%	60 days	-	-	121,757	28.54%	Note
Nan Ya Plastics (Ningbo) Co., Ltd.	Formosa Chemicals and Fiber (Ningbo) Corporation	Other related parties	Purchases	7,154,361	69.63%	60 days	-	-	(910,684)	(80.97)%	
Nan Ya Plastics (Ningbo) Co., Ltd.	The Company	Parent	Purchases	1,205,991	11.74%	O/A150 days	-	-	(95,100)	(8.46)%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	The Company	Parent	(Sales)	(514,249)	(1.24)%	O/A150 days	-	-	57,375	0.55%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	(Sales)	(5,355,863)	(12.91)%	180 days	-	-	1,806,716	17.39%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya PCB (Kunshan) Corporation	Same chairman	(Sales)	(714,255)	(1.72)%	60 days	-	-	47,725	0.46%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PPG Fiber Glass (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(149,512)	(0.36)%	60 days	-	-	12,370	0.12%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(362,179)	(0.87)%	60 days	-	-	33,186	0.32%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	The Company	Parent	Purchases	1,793,057	5.12%	O/A150 days	-	-	(416,163)	(20.09)%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PPG Fiber Glass (Kunshan) Co., Ltd.	Subsidiaries	Purchases	1,861,117	5.31%	60 days	-	-	(159,440)	(7.70)%	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd.	Subsidiaries	Purchases	4,071,573	11.63%	60 days	-	-	(121,757)	(5.88)%	Note
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	The Company	Parent	Purchases	159,847	9.42%	O/A150 days	-	-	(70,564)	(43.05)%	Note
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Purchases	362,179	21.35%	60 days	-	-	(33,186)	(20.24)%	Note
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	The Company	Parent	(Sales)	(625,907)	(25.23)%	O/A150 days	-	-	125,405	51.44%	Note

Note : The transaction has been written off during the consolidation process.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATION REGARDING RECEIVABLES FROM RELATED-PARTIES WITH AMOUNTS EXCEEDING THE LOWER OF TWD 100 MILLION OR 20% OF THE CAPITAL STOCK
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 7

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Periods	Allowance for Bad Debts
					Amount	Action Taken		
The Company	Formosa Plastics Corporation	Other related parties	Receivables from related parties :	15.71	-	-	126,412	-
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	Receivables from related parties :	12.57	-	-	438,766	-
The Company	Nan Ya PCB Corporation(Note 1)	Subsidiaries	Receivables from related parties :	10.67	-	-	127,157	-
The Company	Formosa Petrochemical Corporation	Associates	Receivables from related parties :	7.54	-	-	161,824	-
The Company	Nan Ya Plastics Corporation U.S.A.(Note 1)	Subsidiaries	Receivables from related parties :	1.69	-	-	-	-
The Company	Nan Ya Plastics Corporation America(Note 1)	Subsidiaries	Receivables from related parties :	6.42	-	-	88,537	-
The Company	Nan Ya Electronic Materials (Huizhou) Co., Ltd.(Note 1)	Subsidiaries	Receivables from related parties :	3.84	-	-	232,041	-
The Company	Nan Ya Electronic Materials (Kunshan) Co., Ltd.(Note 1)	Subsidiaries	Receivables from related parties :	4.30	-	-	110,006	-
The Company	Formosa Industries Corporation (Vietnam)	Other related company	Receivables from related parties :	5.45	-	-	65,995	-
Nan Ya PCB (Kunshan) Corporation	Nan Ya PCB Corporation(Note 1)	Subsidiaries	Receivables from related parties :	12	-	-	317,600	-
PFPG Fiber Glass Corporation	The Company(Note 1)	Parent	Receivables from related parties :	12	-	-	176,375	-
PFPG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.(Note 1)	Subsidiaries	Receivables from related parties :	10	-	-	159,440	-
PFPG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.(Note 1)	Subsidiaries	Receivables from related parties :	3	-	-	92,993	-
Nan Ya Plastics (Ningbo) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.(Note 1)	Subsidiaries	Receivables from related parties :	30	-	-	121,757	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.(Note 1)	Subsidiaries	Receivables from related parties :	3	-	-	997,671	-
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	The Company(Note 1)	Parent	Receivables from related parties :	1	-	-	125,405	-
The Company	Formosa Plastics Marine Corporation	Other related parties	Other receivables from related parties :	Note	-	-	-	-
The Company	Formosa Steel IB Pty Ltd	Associates	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation Texas(Note 1)	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation U.S.A.(Note 1)	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.(Note 1)	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.(Note 1)	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Plastics (Ningbo) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.(Note 1)	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.(Note 1)	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.(Note 1)	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.(Note 1)	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
China Nantong Huafeng Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.(Note 1)	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-

Note : The turnover rate of other receivables from related parties cannot be calculated.

Note 1 : The transaction has been written off during the consolidation process.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
SIGNIFICANT TRANSACTIONS AND BUSINESS RELATIONSHIP BETWEEN THE COMPANY AND ITS SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 8

No. (Note 1)	Company Name	Counter-party	Intercompany Transactions			
			Financial Statement Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
0	The Company	Nan Ya PCB Corporation and its subsidiaries	Sales	1,807,077	30-150days	0.70%
0	The Company	Nan Chung Petrochemical Corporation	Sales	261,368	30days	0.10%
0	The Company	PFG Fiber Glass Corporation	Sales	41,877	30days	0.02%
0	The Company	Nan Ya Plastics Corporation U.S.A	Sales	885,565	O/A 105days	0.34%
0	The Company	Nan Ya Plastics Corporation America	Sales	757,215	O/A 105days	0.29%
0	The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	Sales	6,109,497	O/A 150-180days	2.35%
0	The Company	Superior World Wide Trading Co., Ltd.	Sales	16,166	O/A 150days	0.01%
0	The Company	PFG Fiber Glass (Hong Kong) Corporation Limited and its subsidiaries	Sales	15,655	O/A 150days	0.01%
1	Nan Chung Petrochemical Corporation	The Company	Sales	878,217	30days	0.34%
2	Wen Fung Industrials Co., Ltd. and its subsidiaries	Nan Ya PCB Corporation and its subsidiaries	Sales	139,527	30days	0.05%
3	PFG Fiber Glass Corporation	The Company	Sales	1,990,129	30days	0.77%
3	PFG Fiber Glass Corporation	PFG Fiber Glass (Hong Kong) Co., Ltd. and its subsidiaries	Sales	54,440	30days	0.02%
4	Nan Ya Plastics Corporation U.S.A.	The Company	Sales	29,600	O/A 105 days	0.01%
5	Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation U.S.A	Sales	63,887	payment within one month	0.02%
5	Nan Ya Plastics Corporation America	The Company	Sales	41,545	O/A 105 days	0.02%
0	The Company	Nan Ya PCB Corporation and its subsidiaries	Accounts receivable	129,744	30-150days	0.02%
0	The Company	Nan Ya Plastics Corporation U.S.A	Accounts receivable	589,435	O/A 105days	0.09%
0	The Company	Nan Ya Plastics Corporation America	Accounts receivable	181,332	O/A 105days	0.03%
3	PFG Fiber Glass Corporation	The Company	Accounts receivable	176,375	30days	0.03%
0	The Company	Nan Ya PCB Corporation and its subsidiaries	Rent revenue	295,859	30-150days	0.11%

Note 1: The appointed numbers represent:

1. 0 refers to the Parent Company.

2. Subsidiaries are numbered and organized in a ascending chronological order.

Note 2: Transactions are categorized as follows:

1. Parent company to subsidiary.

2. Subsidiary to parent company.

3. Subsidiary to subsidiary.

Note 3: Disclosure of information on significant transactions and business relationship between the parent company and its subsidiaries regarding sales and accounts receivable, excluding their related purchases and accounts payable.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTEEs (EXCLUDING THOSE IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 9

Investor Company	Investee Company	Location	Major Operations	Original Investment Amount		Balance as of December 31, 2023			Highest Percentage of Ownership During the Year	Net Income of Investee	Investment Income (Loss) Recognized by the Investor Company	Notes
				December 31, 2023	December 31, 2022	Shares (in thousands)	%	Carrying Value				
The Company	Nan Ya Plastics Corporation U.S.A. (Note)	U.S.A.	production of plastic products	313,920	313,920	2	100.00%	3,068,060	100.00%	188,015	188,015	Note 3.4
The Company	Nan Ya Plastics Corporation America (Note)	U.S.A.	production of plastic, polyester and chemical products	7,853,605	7,853,605	60	100.00%	44,059,412	100.00%	(2,365,674)	(2,365,674)	Note 3.4
The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. (Note 1)	Hong Kong	plastics, electronic products trading, and investment	41,450,832	41,450,832	1,015,653	100.00%	111,150,608	100.00%	2,000,535	2,000,535	Note 3.4
The Company	Superior World Wide Trading Co., Ltd. (Note 1)	Hong Kong	plastics trading and investment	33,677	33,677	14	100.00%	969,237	100.00%	109,724	109,724	Note 3.4
The Company	Formosa Synthetic Rubber (Hong Kong) Corporation Limited (Note)	Hong Kong	production of synthetic rubber products	4,213,864	4,213,864	138,333	33.33%	1,656,841	33.33%	(492,586)	(164,195)	Note 3
The Company	PFG Fiber Glass (Hong Kong) Corporation Limited (Note 1)	Hong Kong	investment	4,495,987	4,495,987	76	100.00%	8,101,724	100.00%	(438,592)	(458,634)	Note 3.4
The Company	Formosa Industries Corporation (Note 2)	Vietnam	chemical fiber, dyeing and finishing and electric power	8,435,875	8,435,875	-	42.50%	5,301,424	42.50%	(2,565,523)	(1,090,347)	Note 3
The Company	Nan Ya PCB Corporation	Taiwan	production of printed circuit board	4,480,417	4,480,417	432,745	66.97%	32,084,852	66.97%	5,816,589	3,902,676	Note 3.4
The Company	Formosa Plastics Group Investment Corp.	Taiwan	investment	26,959	26,959	10	100.00%	1,138	100.00%	(53)	(53)	Note 3.4
The Company	Nanya Technology Corporation	Taiwan	semiconductor production and marketing	52,438,472	52,438,472	907,304	29.29%	48,883,839	29.29%	(7,439,634)	(2,178,772)	Note 3
The Company	Formosa Environmental Technology Corporation	Taiwan	environmental protection	672,370	672,370	46,257	26.99%	260,546	26.99%	12,839	3,465	Note 3
The Company	Formosa Petrochemical Corporation	Taiwan	production of chemical products	24,647,480	24,647,480	2,201,306	23.11%	77,685,690	23.11%	21,888,842	5,058,135	Note 3
The Company	PFG Fiber Glass Corporation	Taiwan	production of glass fiber	2,648,131	2,648,131	100,000	100.00%	3,271,663	100.00%	(314,687)	(487,914)	Note 3.4
The Company	Nan Chung Petrochemical Corporation	Taiwan	production of chemical products	1,000,002	1,000,002	100,000	50.00%	940,083	50.00%	(276,194)	(137,678)	Note 3.4
The Company	Wen Fung Industrial Co., Ltd.	Taiwan	production of electronic components	214,236	214,236	17,523	100.00%	253,791	100.00%	(7,273)	(7,199)	Note 3.4
The Company	Formosa Automobile Sales Corporation	Taiwan	production of automobile	945,028	945,028	27,046	45.00%	390,880	45.00%	170,150	76,570	Note 3
The Company	Ya Tai Development Corporation	Taiwan	development industry	53,941	53,941	1,304	44.96%	19,612	44.96%	(35)	(16)	Note 3
The Company	Formosa Heavy Industries Corporation	Taiwan	machinery industry	2,497,721	2,497,721	661,334	32.91%	6,850,305	32.91%	(1,846,402)	(607,665)	Note 3
The Company	Formosa Fairway Corporation	Taiwan	transportation business	33,340	33,340	4,699	33.34%	5,573	33.34%	(41,380)	(13,796)	Note 3
The Company	Formosa Plastics Transport Corporation	Taiwan	transportation business	67,254	67,254	6,566	33.33%	1,278,165	33.33%	88,989	29,663	Note 3

Investor Company	Investee Company	Location	Major Operations	Original Investment Amount		Balance as of December 31, 2023			Highest Percentage of Ownership During the Year	Net Income of Investee	Investment Income (Loss) Recognized by the Investor Company	Notes
				December 31, 2023	December 31, 2022	Shares (in thousands)	%	Carrying Value				
The Company	Hwa Ya Technology Park Management Consulting Corporation	Taiwan	service business	359	359	34	34.00%	4,430	34.00%	388	132	Note 3
The Company	Yi Jih Development Corporation	Taiwan	construction business	13,335	13,335	1,221	29.22%	19,996	29.22%	(55)	(16)	Note 3
The Company	Mai Liao Power Corporation	Taiwan	electricity generation business	5,985,465	5,985,465	764,193	24.94%	13,804,906	24.94%	12,446,276	3,104,331	Note 3
The Company	Nan YA Photonics Inc.	Taiwan	LED equipment manufacturer	761,820	761,820	10,609	23.02%	267,198	23.02%	100,680	23,175	Note 3
The Company	Formosa Resources Corporation	Taiwan	mining industry	9,099,071	8,300,471	909,907	25.00%	7,714,129	25.00%	(3,064,624)	(766,156)	Note 3
The Company	Formosa Group (Cayman) Limited (Note)	Cayman Islands	investment	377	377	13	25.00%	835,318	25.00%	274,621	68,655	Note 3
The Company	Formosa Plastics Construction Corporation	Taiwan	construction business	1,100,000	600,000	110,000	33.33%	1,051,647	33.33%	(23,157)	(7,719)	Note 3
The Company	FG Inc. (Note)	U.S.A.	investment	1,137,655	1,137,655	2	10.00%	1,103,100	10.00%	(33,835)	(3,383)	Note 3
The Company	Formosa Smart Energy Tech Corporation	Taiwan	green batteries	1,750,000	1,000,000	175,000	25.00%	1,733,910	25.00%	(67,630)	(16,907)	Note 3
Nan Ya Plastics Corporation America (Note)	Formosa Utility Venture, Ltd.(Note)	U.S.A.	electricity generation and trading	245,880	245,880	-	12.10%	2,604,396	12.10%	579,849	69,380	Note 3
Nan Ya Plastics Corporation America (Note)	Nan Ya Plastics Corporation Texas (Note)	U.S.A.	production of chemical products	15,060,150	15,060,150	3	100.00%	2,738,991	100.00%	(3,606,229)	(3,606,229)	Note 3.4
Nan Ya Plastics Corporation Texas (Note)	Formosa Olefins, L.L.C. (Note)	U.S.A.	chemical business	2,113,800	2,113,800	-	21.00%	3,660,195	21.00%	1,395,112	292,973	Note 3
Nan Ya PCB Corporation	Nan Ya PCB (Hong Kong) Corporation	Hong Kong	production of electronic products and investment	8,595,674	8,595,674	2,152,020	100.00%	23,838,862	100.00%	2,091,411	2,091,411	Note 3.4
Nan Ya PCB Corporation	Nan Ya PCB (U.S.A.) Corporation	U.S.A.	retargeting	3,479	3,479	1,000	100.00%	19,640	100.00%	1,356	1,356	Note 3.4
Nan Ya PCB Corporation	Formosa Advanced Technologies Co.,LTD.	Taiwan	IC packaging, testing and modules	472,968	472,968	13,267	3.00%	486,857	3.00%	530,215	16,072	Note 3
Nan Ya PCB (Hong Kong) Corporation	Nan Ya PCB (Kunshan) Corporation	China	production of printed circuit board	8,592,495	8,592,495	-	100.00%	23,824,524	100.00%	2,091,001	2,091,001	Note 3.4
Wen Fung Industrial Co., Ltd.	Wellink Technology Corporation	Taiwan	production of electronic components	212,017	212,017	12,739	100.00%	131,280	100.00%	(8,320)	(8,320)	Note 3.4
Superior World Wide Trading Co., Ltd. (Note 1)	P.T.Indonesia Nanya Indah Plastics Co.	Indonesia	production of plastic products	124,383	124,383	5	50.00%	274,335	50.00%	155,330	77,665	Note 3

Note : The reporting currency of Nan Ya Plastics Corporation U.S.A, Nan Ya Plastics Corporation America, Formosa Synthetic Rubber (Hong Kong) Corporation Limited, Formosa Group (Cayman) Limited, FG Inc., Formosa Utility Venture, Ltd., Nan Ya Plastics Corporation Texas, and Formosa Olefins, L.L.C is denominated in USD, and the exchange rate of TWD to USD as of

December 31, 2023 (in average) is 30.735(31.178) : 1.

Note 1 : The reporting currency of Nan Ya Plastics (Hong Kong) Co., Ltd., Superior World Wide Trading Co., Ltd. and PFG Fiber Glass (Hong Kong) Corporation Limited is denominated in HKD, and the exchange rate of TWD to HKD as of December 31, 2023 (in average) is 3.9404(3.9972) : 1.

Note 2 : The reporting currency of Formosa Industries Corporation, Vietnam is denominated in VND, and the exchange rate of TWD to VND as of December 31, 2023 (in average) is 0.001267946(0.001307747) : 1.

Note 3 : Investment income of the current period does not include cumulative translation adjustment and capital surplus adjustment.

Note 4 : The transaction has been written off during the consolidation process.

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 10

(a) Information regarding investments in Mainland China :

Name of the PRC Investee Company	Primary Business Scope	Amount of Paid-in Capital	Method of Investment	Investment Transferred from Taiwan as of January 1, 2023	For The Year Ended December 31, 2023		Investment Transferred from Taiwan as of December 31, 2023	Current Income of Investees	Direct and Indirect Shareholding Percentage by the Company	Highest Percentage of Ownership During the Year	Investment Gain (Loss)	Carrying Value of Investment as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow							
Nan Ya Plastics (Guangzhou) Co., Ltd.(Note1)	production of polyester products	1,998,681	Indirect investment	1,998,681	-	-	1,998,681	(44,991)	100.00%	100.00%	(44,991)	1,774,036	1,208,243
Nan Ya Plastics (Xiamen) Co., Ltd.(Note1)	production of plastic products	775,457	Indirect investment	738,752	-	-	738,752	110,189	85.00%	85.00%	93,661	1,010,992	72,820
Nan Ya Plastics (Huizhou) Co., Ltd.(Note1)	production of polyester products	2,527,462	Indirect investment	2,418,397	-	-	2,418,397	89,848	100.00%	100.00%	89,848	3,489,173	191,257
Nan Ya Electronic Materials (Huizhou) Co., Ltd.(Note1)	production of electronic materials, glass fabrics, copper clad	12,208,913	Indirect investment	5,489,509	-	-	5,489,509	501,529	100.00%	100.00%	501,529	15,522,968	-
Nan Ya Trading (Huizhou) Co., Ltd.(Note1)	trading	32,267	Indirect investment	32,267	-	-	32,267	395	100.00%	100.00%	395	59,909	-
Nan Ya Plastics (Nantong) Co., Ltd.(Note1)	sale of plastic products, steam and electricity	4,540,736	Indirect investment	3,008,918	-	-	3,008,918	65,773	100.00%	100.00%	65,773	10,309,948	103,612
China Nantong Huafeng Co., Ltd.(Note1)	trading	93,004	Indirect investment	99,636	-	-	99,636	5,403	100.00%	100.00%	5,403	354,017	-
Nantong Huafu Plastics Co., Ltd.(Note1)	trading	79,111	Indirect investment	71,503	-	-	71,503	2,172	100.00%	100.00%	2,172	101,955	-
Nan Ya Electric (Nantong) Co., Ltd.(Note1)	production of switch gear and control panel	339,275	Indirect investment	339,275	-	-	339,275	76,506	100.00%	100.00%	76,506	1,119,091	303,107
Nan Ya Kyoowa Plastics (Nantong) Co., Ltd.	interior decorating business	200,988	Indirect investment	100,494	-	-	100,494	(1,015)	50.00%	50.00%	(508)	220,761	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.(Note1)	production of copper clad laminate, polyester products, steam and electricity, copper clad, epoxy	15,159,216	Indirect investment	15,159,216	-	-	15,159,216	1,541,731	100.00%	100.00%	1,541,731	55,693,606	8,472,334
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.(Note1)	production of polyester products	7,035,085	Indirect investment	7,035,085	-	-	7,035,085	(562,333)	100.00%	100.00%	(562,333)	(1,684,940)	-
Nan Ya Plastics (Zhengzhou) Co., Ltd.	production of plastic products	261,737	Indirect investment	130,869	-	-	130,869	6,868	50.00%	50.00%	3,434	67,336	-
Nan Ya Plastics (Ningbo) Co., Ltd.(Note1)	production of BPA and plasticizer	4,472,993	Indirect investment	4,273,467	-	-	4,273,467	200,103	100.00%	100.00%	200,103	13,253,473	-
PFG Fiber Glass (Kunshan) Co., Ltd.(Note1)	production of glass fiber	4,668,263	Indirect investment	4,487,409	-	-	4,487,409	(439,576)	100.00%	100.00%	(439,576)	8,247,083	282,300

Name of the PRC Investee Company	Primary Business Scope	Amount of Paid-in Capital	Method of Investment	Investment Transferred from Taiwan as of January 1, 2023	For The Year Ended December 31, 2023		Investment Transferred from Taiwan as of December 31, 2023	Current Income of Investees	Direct and Indirect Shareholding Percentage by the Company	Highest Percentage of Ownership During the Year	Investment Gain (Loss)	Carrying Value of Investment as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow							
Hua Ya (Dong Ying) Plastics Corp.	production of plastic products	254,190	Indirect investment	34,591	-	-	34,591	-	15.00%	15.00%	-	481,552	23,020
Hua Ya (Wu Hu) Plastics Corp.	production of plastic products	624,948	Indirect investment	34,591	-	-	34,591	-	15.00%	15.00%	-	434,305	12,687
Fornosa Synthetic Rubber (Ningbo) Limited Corporation	synthetic rubber	12,777,590	Indirect investment	4,162,010	-	-	4,162,010	(492,586)	33.33%	33.33%	(164,195)	1,656,841	-

Note: All companies disclosed within the investment income of the current year column are recognized according to the reviewed financial statements of the Company, except for Fornosa Synthetic Rubber (Ningbo) Co., Ltd., which are recognized according to the financial statements reviewed by an international accounting firm.

Note 1: The transaction has been written-off during the consolidation process.

(b) Quota for investments in Mainland China :

Accumulative Remittance from Taiwan to Mainland China as of December 31, 2023 (Note 1)	Amount of Investment Approved by Investment Commission, Ministry of Economic Affairs (Note 2)	Limit on the Amount of Investment in Mainland China (Note 3)
49,875,128	60,186,974	-

Note 1 : Reporting currency of Chinese subsidiaries is CNY, and the monetary amount is first translated to HKD using the exchange rate as of December 31, 2023 (in average) is 1 : 1.1013(1.1075), and translated to TWD using the exchange rate as of December 31, 2023 (in average) is 1 : 3.9404(3.9972).

Note 2 : It includes the amount of \$3,010,315 from capital increase out of earnings and capital increase out of capital surplus.

Note 3 : The Industrial Development Bureau of the MOEA issued a letter to the Company stating that it qualifies under Section 12 of the Statute for Upgrading Industries.

Note 4 : The accumulative remittance from Taiwan to Mainland China, end of the period includes the amount of Nan Ya Plastics (Anshan) Co., Ltd.

(c) Information on significant transactions :

For more information concerning the direct or indirect significant transactions between the Company and its Chinese investees for the year ended December 31, 2023, please refer to the attachment of note 13 for "Information on material transaction items".

(English Translation of Financial Statements and Report Originally Issued in Chinese)

NAN YA PLASTICS CORPORATION

Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

Address: 101, Shuiguan Road, Renwu Dist., Kaohsiung City 814, Taiwan
Telephone: (07)371-1411

The independent auditors' 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' report and financial statements, the Chinese version shall prevail.

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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 comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 requirements. 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 21.42% and 20.57% of total assets at December 31, 2023 and 2022, respectively, and the related share of profit of subsidiaries, associates and joint ventures accounted for using the equity method constituting 46.93% and 8.07% of total profit before tax for the years ended December 31, 2023 and 2022, 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 Chen, Chun-Kuang.

Taipei, Taiwan (Republic of China)
March 12, 2024

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.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

NAN YA PLASTICS CORPORATION

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Assets					
Current assets:					
1100	Cash and cash equivalents (notes 6(a) and (v))	\$ 2,363,334	-	10,153,169	2
1110	Current financial assets at fair value through profit or loss (notes 6(b) and (v))	1,641,598	-	1,562,720	-
1120	Current financial assets at fair value through other comprehensive income (notes 6(c), (v) and 8)	32,101,988	5	35,494,677	6
1150	Notes receivable, net (notes 6(d) and (v))	1,686,319	-	1,692,750	-
1170	Accounts receivable, net (notes 6(d) and (v))	9,918,335	2	11,028,371	2
1180	Accounts receivable due from related parties (notes 6(d), (v) and 7)	3,218,077	1	2,920,907	1
1200	Other receivables (notes 6(e), (g) and (v))	1,522,099	-	855,320	-
1210	Other receivables due from related parties (notes 6(e), (v) and 7)	3,068,195	1	2,434,604	-
130X	Inventories (note 6(f))	27,694,341	5	27,138,391	5
1470	Other current assets	2,907,399	1	3,595,794	1
	Total current assets	<u>86,121,685</u>	<u>15</u>	<u>96,876,703</u>	<u>17</u>
Non-current assets:					
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(c) and (v))	18,621,183	3	15,487,957	3
1550	Investments accounted for using equity method (notes 6(g), 7 and 8)	372,768,077	66	374,551,265	65
1600	Property, plant and equipment (notes 6(h) and 7)	78,189,372	14	76,227,798	13
1755	Right-of-use assets (note 6(i))	87,698	-	107,562	-
1812	Technology development expense	11,396	-	16,111	-
1840	Deferred tax assets (note 6(p))	2,188,617	-	2,670,327	1
1915	Prepayments for purchase of equipment	1,656,501	-	1,917,792	-
1937	Overdue receivables (note 6(d))	-	-	-	-
1990	Other non-current assets	8,781,931	2	8,348,502	1
	Total non-current assets	<u>482,304,775</u>	<u>85</u>	<u>479,327,314</u>	<u>83</u>
	Total assets	<u>\$ 568,426,460</u>	<u>100</u>	<u>576,204,017</u>	<u>100</u>
		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
	Short-term borrowings (notes 6(k), (v) and (y))	\$ 28,723,900	5	36,500,000	6
	Short-term notes and bills payable (notes 6(j), (v) and (y))	36,304,203	6	35,449,361	6
	Notes and accounts payable (note 6(v))	5,543,911	1	5,267,090	1
	Accounts payable to related parties (notes 6(v) and 7)	3,913,076	1	4,719,312	1
	Other payables	15,905,164	3	19,324,075	4
	Current lease liabilities (notes 6(n), (v), (y) and 7)	22,922	-	22,209	-
	Current portion of bonds payable (notes 6(m), (v) and (y))	9,270,477	2	11,569,513	2
	Current portion of long-term borrowings (notes 6(l), (v) and (y))	5,500,000	1	6,500,000	1
	Other current liabilities	541,081	-	510,921	-
	Total current liabilities	<u>105,724,734</u>	<u>19</u>	<u>119,862,481</u>	<u>21</u>
Non-Current liabilities:					
	Bonds payable (notes 6(m), (v) and (y))	56,471,990	9	52,751,979	9
	Long-term borrowings (notes 6(l), (v) and (y))	26,242,602	5	5,500,000	1
	Deferred tax liabilities (note 6(p))	9,692,160	2	10,685,454	2
	Non-current lease liabilities (notes 6(n), (v), (y) and 7)	66,843	-	87,008	-
	Net defined benefit liability-non-current (note 6(o))	9,565,986	2	11,721,283	2
	Guarantee deposits	485,494	-	455,674	-
	Other non-current liabilities	32,372	-	35,548	-
	Total non-current liabilities	<u>102,557,447</u>	<u>18</u>	<u>81,236,946</u>	<u>14</u>
	Total liabilities	<u>208,282,181</u>	<u>37</u>	<u>201,099,427</u>	<u>35</u>
Equity (note 6(q)):					
	Ordinary Shares	79,308,216	13	79,308,216	13
	Capital surplus	27,733,533	5	27,692,943	5
	Retained earnings	230,801,650	41	247,505,467	43
	Others	22,300,880	4	20,597,964	4
	Total equity	<u>360,144,279</u>	<u>63</u>	<u>375,104,590</u>	<u>65</u>
	Total liabilities and equity	<u>\$ 568,426,460</u>	<u>100</u>	<u>576,204,017</u>	<u>100</u>

See accompanying notes to financial statements.

(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, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue, net (notes 6(s) and 7)	\$121,040,720	100	169,184,070	100
5000	Operating costs (notes 6(f), (o), (t), 7 and 12)	112,868,334	93	151,802,295	90
5910	Less: Unrealized (realized) profit from affiliated companies (note 7)	<u>(8,409)</u>	<u>-</u>	<u>19,784</u>	<u>-</u>
	Gross profit from operations	<u>8,180,795</u>	<u>7</u>	<u>17,361,991</u>	<u>10</u>
	Operating expenses (notes 6(o), (t), 7 and 12):				
6100	Selling expenses	4,324,651	4	7,043,654	4
6200	Administrative expenses	5,413,891	4	5,748,276	3
6450	Expected credit losses (note 6(d))	<u>13,723</u>	<u>-</u>	<u>17,671</u>	<u>-</u>
	Total operating expenses	<u>9,752,265</u>	<u>8</u>	<u>12,809,601</u>	<u>7</u>
	Operating income (Loss)	<u>(1,571,470)</u>	<u>(1)</u>	<u>4,552,390</u>	<u>3</u>
	Non-operating income and expenses (notes 6(g), (h), (n), (u) and 7):				
7010	Other income	3,180,105	3	4,864,455	3
7020	Other gains and losses, net	109,358	-	2,850,822	2
7050	Finance costs	(2,353,074)	(2)	(1,490,929)	(1)
7060	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method, net	6,258,952	5	22,596,013	13
7100	Interest income	<u>113,514</u>	<u>-</u>	<u>91,241</u>	<u>-</u>
	Total non-operating income and expenses	<u>7,308,855</u>	<u>6</u>	<u>28,911,602</u>	<u>17</u>
	Profit before income tax	5,737,385	5	33,463,992	20
7950	Less: Income tax expense (benefit) (note 6(p))	<u>(572,665)</u>	<u>-</u>	<u>1,355,015</u>	<u>1</u>
	Profit	<u>6,310,050</u>	<u>5</u>	<u>32,108,977</u>	<u>19</u>
8300	Other comprehensive income (loss) (notes 6(c), (g), (p) and (q)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains on remeasurements of defined benefit plans	491,333	-	1,361,172	1
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(252,616)	-	(16,469,457)	(10)
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	4,521,092	4	(8,260,377)	(5)
8349	Less : income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>98,267</u>	<u>-</u>	<u>272,234</u>	<u>-</u>
	Total items that may not be reclassified subsequently to profit and loss	<u>4,661,542</u>	<u>4</u>	<u>(23,640,896)</u>	<u>(14)</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(2,209,692)	(2)	11,020,069	7
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	7,919	-	(8,717)	-
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>
	Total items that may be reclassified subsequently to profit or loss	<u>(2,201,773)</u>	<u>(2)</u>	<u>11,011,352</u>	<u>7</u>
8300	Other comprehensive income	<u>2,459,769</u>	<u>2</u>	<u>(12,629,544)</u>	<u>(7)</u>
8500	Total comprehensive income	<u>\$ 8,769,819</u>	<u>7</u>	<u>19,479,433</u>	<u>12</u>
		Before Tax	After Tax	Before Tax	After Tax
	Basic earnings per share (note 6(r)) :	<u>\$ 0.72</u>	<u>0.80</u>	<u>4.22</u>	<u>4.05</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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings				Items of other equity interest				
							Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total equity
Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements				
\$ 79,308,216	26,659,037	73,505,506	106,083,118	93,869,719	(17,523,958)		52,159,582	8,870	414,070,090
-	-	-	-	32,108,977	-		-	-	32,108,977
-	-	-	-	1,416,986	11,020,069		(25,057,882)	(8,717)	(12,629,544)
-	-	-	-	33,525,963	11,020,069		(25,057,882)	(8,717)	19,479,433
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 shares	-	-	-	(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
Balance at December 31, 2022	79,308,216	81,491,665	112,663,858	53,349,944	(6,503,889)		27,101,700	153	375,104,590
Profit	-	-	-	6,310,050	-		-	-	6,310,050
Other comprehensive income	-	-	-	756,853	(2,209,692)		3,904,689	7,919	2,459,769
Total comprehensive income	-	-	-	7,066,903	(2,209,692)		3,904,689	7,919	8,769,819
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	3,353,520	-	(3,353,520)	-		-	-	-
Special reserve appropriated	-	-	4,817,936	(4,817,936)	-		-	-	-
Cash dividends of ordinary share	-	-	-	(23,792,465)	-		-	-	(23,792,465)
Reversal of special reserve	-	-	(4,656)	4,656	-		-	-	-
Other changes in capital surplus:									
Other changes in capital surplus	40,590	-	-	21,745	-		-	-	62,335
Balance at December 31, 2023	79,308,216	84,845,185	117,477,138	28,479,327	(8,713,581)		31,006,389	8,072	360,144,279

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

NAN YA PLASTICS CORPORATION

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ <u>5,737,385</u>	<u>33,463,992</u>
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	7,123,321	6,828,658
Amortization expense	735,462	731,856
Expected credit losses	13,723	17,671
Net Gains on financial assets at fair value through profit or loss	(78,878)	(192,016)
Interest expense	2,353,074	1,490,929
Interest income	(113,514)	(91,241)
Dividend income	(1,770,576)	(3,477,849)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(6,258,952)	(22,596,013)
Gains on disposal of property, plant and equipment	(57,570)	(757,343)
Property, plant and equipment transferred to expenses	282	1,050
Profit from lease modifications	-	(197)
Unrealized losses from affiliated companies	(8,409)	19,784
Unrealized foreign exchange losses	<u>280,117</u>	<u>111,810</u>
Total adjustments to reconcile profit (loss)	<u>2,218,080</u>	<u>(17,912,901)</u>
Changes in operating assets and liabilities:		
Decrease in notes receivable	3,371	769,552
Decrease in accounts receivable (including related parties)	548,886	7,951,589
Decrease (increase) in other receivable	(666,805)	385,463
Decrease (increase) in inventories	(456,613)	3,660,485
Decrease (increase) in other current assets	<u>688,394</u>	<u>(1,244,773)</u>
Total changes in operating assets	<u>117,233</u>	<u>11,522,316</u>
Decrease in notes and accounts payable (including related parties)	(532,147)	(3,398,965)
Increase in other payable	3,089	629,544
(Decrease) increase in other current liabilities	30,160	(184,222)
Decrease in net defined benefit liability	<u>(1,663,964)</u>	<u>(1,897,626)</u>
Total changes in operating liabilities	<u>(2,162,862)</u>	<u>(4,851,269)</u>
Total changes in operating assets and liabilities	<u>(2,045,629)</u>	<u>6,671,047</u>
Total adjustments	<u>172,451</u>	<u>(11,241,854)</u>
Cash inflow generated from operations	5,909,836	22,222,138
Interest received	113,540	88,706
Dividends received	14,209,816	30,513,151
Interest paid	(2,366,074)	(1,502,480)
Income taxes paid	<u>(3,450,667)</u>	<u>(7,183,421)</u>
Net cash flows from operating activities	<u>14,416,451</u>	<u>44,138,094</u>
Cash flows from (used in) investing activities:		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6,847	4,250
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	(2,048,600)	(1,000,000)
Acquisition of property, plant and equipment	(5,163,679)	(4,469,443)
Proceeds from disposal of property, plant and equipment	74,303	763,609
Decrease (increase) in refundable deposits	99,286	(583,268)
Decrease (increase) in other receivables due from related parties	(633,591)	344,762
Increase in other non-current assets	<u>(5,007,065)</u>	<u>(10,386,101)</u>
Net cash flows used in investing activities	<u>(12,672,499)</u>	<u>(12,903,496)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	(7,773,659)	15,412,218
Increase in short-term notes and bills payable	900,000	18,500,000
Proceeds from issuing bonds	12,979,826	-
Repayments of bonds	(11,575,000)	(10,775,000)
Proceeds from long-term debt	26,250,000	14,750,000
Repayments of long-term debt	(6,500,000)	(4,550,000)
Increase in guarantee deposits	29,820	82,046
Payment of lease liabilities	(22,912)	(20,464)
Increase in other non-current liabilities	38,385	50,021
Cash dividends paid	<u>(23,833,140)</u>	<u>(59,374,150)</u>
Net cash flows used in financing activities	<u>(9,506,680)</u>	<u>(25,925,329)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(27,107)</u>	<u>(29,773)</u>
Net (decrease) increase in cash and cash equivalents	<u>(7,789,835)</u>	<u>5,279,496</u>
Cash and cash equivalents at beginning of period	<u>10,153,169</u>	<u>4,873,673</u>
Cash and cash equivalents at end of period	<u><u>\$ 2,363,334</u></u>	<u><u>10,153,169</u></u>

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Nan Ya Plastics Corporation was incorporated on August 22, 1958, and established its factories in Kaohsiung City. The Company engages in the manufacture and sale of plastic products, polyester fibers, petrochemical products, and electronic materials. The Company has gone through several capital increases and established many divisions. Currently, the Company has the following divisions: plastics, fiber, petrochemical, electronics, and engineering. The Company has 10 manufacturing plants across Taiwan, 1 branch office in Mai-Liao and 1 branch office in Sen-Kong.

(2) Approval date and procedures of the financial statements:

The accompanying financial statements were approved and authorized for issue by the Board of Directors on March 12, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The material accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

- (a) Statement of compliance

These annual financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Guidelines).

- (b) Basis of preparation

Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

- Financial instruments at fair value through profit or loss are measured at fair value;
- Financial assets at fair value through other comprehensive income are measured at fair value;
- The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(q).

Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations, are translated into the presentation currency at average rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. Trade receivables that the Company intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets), and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if there is a breach of contract.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full. The Company measures its loss allowances at an amount equal to lifetime expected credit loss.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than one year past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill which is arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to its investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under additional paid in capital. If the additional paid in capital resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription of the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of its related assets or liabilities.

(i) Subsidiaries

The Company accounts the investee companies that it possesses control using the equity. Net income, other comprehensive income, and shareholder's equity in the financial reports of the Company and the net income, other comprehensive income, and shareholder's equity that belongs to the Consolidated Company in the consolidated financial reports should be the same.

The Company accounts the changes in equity, under the condition that control is still present, as equity transactions between the proprietors.

(j) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics:

- (i) the parties are bound by a contractual arrangement; and
- (ii) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 "Joint Arrangements" defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Company accounts for the assets, liabilities, revenues and expenses in relation to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. When assessing whether a joint arrangement is a joint operation or a joint venture, the Company considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

A joint venture is a joint arrangement whereby the Company has joint control of the arrangement (i.e. joint venturers) in which the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Company recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 “Investments in Associates and Joint Ventures”, unless the Company qualifies for exemption from that Standard. Please refer to note 4(i) for the application of the equity method.

When assessing the classification of a joint arrangement, the Company considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Company reevaluates whether the classification of the joint arrangement has changed.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are considered as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated as the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative years are as follows:

- 1) Buildings: 25 to 50 years.
- 2) Machinery and transportation equipment: 7 to 15 years.
- 3) Miscellaneous equipment: 7 to 15 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted as necessary.

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

(l) Lease

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment on whether it will exercise a extension or termination option; or
- 5) there is any lease modifications

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of buildings that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company determines whether the lease is a finance lease or an operating lease at commencement date of the contract. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

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NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

(m) Technical cooperation fee

(i) Technical cooperation fee

Technical cooperation fee is measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, are recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated as the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for current and comparative periods are as follows:

- | | |
|------------------------------|------------|
| 1) Technical cooperation fee | 5~15 years |
|------------------------------|------------|

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted as necessary.

(n) Impairment – Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

(o) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods

The Company recognizes revenue when control of the products has transferred, when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company any has objective evidence that all criteria for acceptance have been satisfied.

2) Financing components

The Company expects all customer contracts will transfer goods or services to customers at intervals of no more than one year, as well as payment by the customer. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(p) Contract costs

(i) Incremental costs of obtaining a contract

The Company recognizes the incremental costs of obtaining a contract with a customer as an asset if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when the amortization period of the asset is in one year.

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NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

(ii) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that the global minimum top-up tax is an income tax where the Company is required to pay based on IAS 12 Pillar Two. Therefore, the Company has applied the deferred tax accounting based on the temporary mandatory relief policy. Due to the impacts of the top-up tax, the income tax incurred by the Company during the year will be recognized as current tax.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities ; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax asset are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(s) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding.

(t) Operating segments

The Company has already disclosed related information of its operating segments in the consolidated financial report of the Consolidated Company as of December 31, 2021, thus no additional information will be disclosed herein.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements.

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NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) Evaluation of inventories

Because inventories are measured at the lower of cost and net realizable value, the Company evaluates the amount of normal waste, obsolete, and inventories without market price as of the reporting date, and reduces the book value to net realizable value. Such evaluation method depends on the demand of merchandise for a particular period of time in the future; therefore, there might be significant change due to the rapid industry transformation. Please refer to note 6(f) for further description of the evaluation of inventories.

(b) Measurement of defined benefit obligations

Accrued pension liabilities and resulting pension expenses under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, future salary increase rate, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability. Refer to note 6(o) for further description of the actuarial assumptions and sensitivity analysis.

The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company establishes a measurement and review mechanism for measuring fair value.

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to note 6(v), financial instruments, for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and Cash Equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 101	137
Cash in banks	2,363,233	2,791,811
Cash equivalents	-	7,361,221
Cash and cash equivalents	<u>\$ 2,363,334</u>	<u>10,153,169</u>

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

Please refer to note 6(v) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

(b) Financial assets at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets designated as at fair value through profit or loss :		
Funds	\$ <u>1,641,598</u>	<u>1,562,720</u>

Remeasurement at fair value recognized in profit or loss is disclosed in note 6(u).

(c) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income - current

	December 31, 2023	December 31, 2022
Equity instruments at fair value through other comprehensive income :		
Stocks	\$ <u>32,101,988</u>	<u>35,494,677</u>

Financial assets at fair value through other comprehensive income- non-current

	December 31, 2023	December 31, 2022
Equity instruments at fair value through other comprehensive income :		
Stocks	\$ <u>18,621,183</u>	<u>15,487,957</u>

(i) Equity investments at fair value through other comprehensive income

- 1) The Company designated the investments shown above as equity instruments at fair value through other comprehensive income because these equity instruments represent those investments that the Company intends to hold for long-term for strategic purposes.
- 2) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2023 and 2022.

(ii) For credit risk and market risk; please refer to note 6(v).

(iii) The financial assets at fair value through other comprehensive income of the Company had been pledged as collateral; please refer to note 8.

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NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

(d) Notes receivable, accounts receivable and other receivables

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	\$ 1,697,728	1,701,099
Accounts receivable-measured as amortized cost	13,263,928	14,011,470
Accounts receivable-fair value through profit or loss	12,651	66,713
Overdue receivables	2,053	2,652
Less: Loss allowance	<u>(153,629)</u>	<u>(139,906)</u>
	<u>\$ 14,822,731</u>	<u>15,642,028</u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2023 and 2022. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision were determined as follows:

December 31, 2023			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 14,843,140	0.23%	33,755
1 to 3 months past due	40,667	68.96%	28,044
3 to 6 months past due	4,121	88.56%	3,649
6 to 12 months past due	4,997	94.98%	4,746
More than 1 year past due	<u>83,435</u>	100%	<u>83,435</u>
	<u>\$ 14,976,360</u>		<u>153,629</u>

December 31, 2022			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 15,660,696	0.22%	34,171
1 to 3 months past due	34,571	56.85%	19,653
3 to 6 months past due	2,230	76.14%	1,698
6 to 12 months past due	520	89.81%	467
More than 1 year past due	<u>83,917</u>	100%	<u>83,917</u>
	<u>\$ 15,781,934</u>		<u>139,906</u>

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NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

The movement in the allowance for notes and accounts receivable were as follows:

	For the years ended December 31	
	2023	2022
Balance at January 1, 2023 and 2022	\$ 139,906	122,235
Impairment losses recognized	13,723	17,671
Balance at December 31, 2023 and 2022	<u>\$ 153,629</u>	<u>139,906</u>

As of December 31, 2023 and 2022, notes and trade receivable which were overdue or under legal proceedings amounted to \$2,053 and \$2,652, respectively. Such receivables were reclassified to overdue receivables under other assets and provided with a full impairment loss provision.

The Company signed without-recourse factoring and financing contracts with financial institutions. According to these contracts, the net accounts receivable that have matured but are still uncollected will be paid by the financial institutions, except for those affected by trade disputes. As of December 31, 2023 and 2022, the outstanding accounts receivable factoring transactions between the Company and the financial institutions were as follows:

December 31, 2023					
Purchaser	Factoring Balance	Factoring Line	Advanced Amount	Range of Interest Rate	Guarantee project
EXPAFOL S.L.	HSBC Bank	\$ <u>2,495</u> USD <u>500</u>	-	-	None
Gold Circuit Electronics, Ltd	E. Sun Bank	\$ <u>10,156</u> <u>150,000</u>	-	-	None
December 31, 2022					
Purchaser	Factoring Balance	Factoring Line	Advanced Amount	Range of Interest Rate	Guarantee project
EXPAFOL S.L.	HSBC Bank	\$ <u>1,855</u> USD <u>500</u>	-	-	None
Gold Circuit Electronics, Ltd	E. Sun Bank	\$ <u>64,858</u> <u>150,000</u>	-	-	None

(e) Other receivables

	December 31, 2023	December 31, 2022
Other accounts receivable-other	\$ 1,522,099	855,320
Other accounts receivable-loans to associates	3,068,195	2,434,604
Less: Loss allowance	-	-
Total	<u>\$ 4,590,294</u>	<u>3,289,924</u>

Other receivables are financial assets with low credit risk, thus the Company measured the loss allowance based on 12-month expected credit losses.

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

(f) Inventories

As of December 31, 2023 and 2022, the components of inventories were as follows:

	December 31, 2023	December 31, 2022
Finished goods	\$ 7,246,520	6,915,563
Work in process	6,991,200	6,326,722
Machinery and accessories in process	7,178,348	7,314,769
Raw materials	5,044,550	5,981,351
Supplies	3,687	1,522
Consigned-out raw materials	996,505	364,775
Consigned-out finished goods	20,197	15,299
Goods in transit	<u>213,334</u>	<u>218,390</u>
Inventories, net	<u>\$ 27,694,341</u>	<u>27,138,391</u>

The details of the cost of sales were as follows:

	For the years ended December 31	
	2023	2022
Inventory that has been sold	\$ 107,312,526	147,464,797
Write-down of inventories (Reversal of write-downs)	(261,856)	326,002
Unallocated production overheads	<u>5,817,664</u>	<u>4,011,496</u>
	<u>\$ 112,868,334</u>	<u>151,802,295</u>

As of December 31, 2023 and 2022, the Company did not provide any inventories as collateral for its loans.

(g) Investments accounted for using equity method

The components of the investments accounted for using equity method at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 203,900,568	210,376,241
Associates	<u>168,867,509</u>	<u>164,175,024</u>
	<u>\$ 372,768,077</u>	<u>374,551,265</u>

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

(i) Subsidiaries

For the years ended December 31, 2023 and 2022, the Company's share of net income in its subsidiaries was as follows:

	For the years ended December 31	
	2023	2022
The Company's share of net income in its subsidiaries	\$ 2,743,798	17,653,966

Please refer to the consolidate financial statements for the year ended December 31, 2023 for further related information.

(ii) Associates

For the years ended December 31, 2023 and 2022, the Company's share of net income of associates was as follows:

	For the years ended December 31	
	2023	2022
The Company's share of net income of associates	\$ 3,515,154	4,942,047

- 1) Aforementioned information of associates was derived from financial statements audited by auditors.
- 2) The unrealized translation gain or loss arising from the investment in foreign entities, which was determined on exchange rates as of December 31, 2023 and 2022, were recognized in comprehensive income.
- 3) The unrealized sales profits from downstream transactions with investees under the equity method are treated as deductions from gross income. The realized sales profits from downstream sales are added to gross income. Details of these transactions are disclosed in note 7.
- 4) In November 2023, the Company participated in the capital increase by cash of Formosa Plastics Construction Corporation, with the total investment amounting to \$500,000.
- 5) In August 2023, the Company participated in the capital increase by cash of Formosa Resources Corporation, with the total investment amounting to USD 25,000 thousand (equivalent to \$798,600).
- 6) In July 2023, the Company participated in the capital increase by cash of Formosa Smart Energy Tech Corporation, with the total investment amounting to \$750,000.
- 7) In May 2022, the Company invested the amount of \$1,000,000 in Formosa Smart Energy Tech Corporation.

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

- 8) The Company's financial information for investments accounted for using the equity method that are individually insignificant were as follows:

	December 31, 2023	December 31, 2022
The carrying value of associates that were not individually material	\$ 168,867,509	164,175,024
	For the years ended December 31	2023
Attributable to the Company:		
Net Income	\$ 3,515,154	4,942,047
Other comprehensive income	3,698,061	(4,933,032)
Total comprehensive income	\$ 7,213,215	9,015

(iii) Collateral

As of December 31, 2023 and 2022, the Company provide investment accounted for using equity method as collaterals to any financial institutions or court for its loans; please refer to note 8.

(h) Property, Plant and Equipment

The cost, depreciation, and impairment of property, plant and equipment of the Company for the years ended December 31, 2023 and 2022 were as follows:

	Land	Building and construction	Machinery equipment	Transportation equipment	Other facilities	Construction in progress	Total
Cost or deemed cost:							
Balance on January 1, 2023	\$ 19,036,558	35,007,838	187,362,186	1,039,089	4,894,998	8,682,023	256,022,692
Additions	-	-	-	-	-	5,163,679	5,163,679
Disposals	(115)	(800)	(2,621,957)	(26,298)	(89,251)	-	(2,738,421)
Reclassification	57,037	1,033,497	6,733,873	21,775	305,748	(4,237,308)	3,914,622
Balance on December 31, 2023	\$ 19,093,480	36,040,535	191,474,102	1,034,566	5,111,495	9,608,394	262,362,572
Balance on January 1, 2022	\$ 13,331,923	33,095,437	182,988,634	1,016,112	4,620,142	7,828,936	242,881,184
Additions	-	-	-	-	-	4,469,443	4,469,443
Disposals	(3,325)	(75,559)	(737,156)	(22,865)	(59,133)	-	(898,038)
Reclassification	5,707,960	1,987,960	5,110,708	45,842	333,989	(3,616,356)	9,570,103
Balance on December 31, 2022	\$ 19,036,558	35,007,838	187,362,186	1,039,089	4,894,998	8,682,023	256,022,692
Depreciation and impairment loss:							
Balance on January 1, 2023	\$ -	21,904,802	153,622,575	927,953	3,339,564	-	179,794,894
Depreciation for the period	-	1,039,014	5,664,613	30,884	365,487	-	7,099,998
Disposals	-	(623)	(2,606,113)	(26,295)	(88,375)	-	(2,721,406)
Reclassification	-	594	(1,790)	-	910	-	(286)
Balance on December 31, 2023	\$ -	22,943,787	156,679,285	932,542	3,617,586	-	184,173,200
Balance on January 1, 2022	\$ -	21,120,975	148,785,378	923,311	3,048,304	-	173,877,968
Depreciation for the period	-	857,410	5,572,731	27,507	350,111	-	6,807,759
Disposals	-	(73,583)	(735,525)	(22,865)	(58,749)	-	(890,722)
Reclassification	-	-	(9)	-	(102)	-	(111)
Balance on December 31, 2022	\$ -	21,904,802	153,622,575	927,953	3,339,564	-	179,794,894
Carrying amounts:							
Balance on December 31, 2023	\$ 19,093,480	13,096,748	34,794,817	102,024	1,493,909	9,608,394	78,189,372
Balance on December 31, 2022	\$ 19,036,558	13,103,036	33,739,611	111,136	1,555,434	8,682,023	76,227,798

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

- (i) As of December 31, 2023 and 2022, the Company did not provide any property, plant and equipment as collaterals to any financial institutions or court for its loans.
- (ii) For the years ended December 31, 2023 and 2022, the capitalized interest on borrowings for the purchase of the property, plant and equipment of the Company amounted to \$86,677 and \$81,457, respectively. The capitalized interest rate ranged from 1.168%~1.349% and 1.132%~1.205% for the years ended December 31, 2023 and 2022, respectively.

(i) Right-of-use assets

The Company leases many assets including land and buildings. Information about leases for which the Company as a lessee is presented below:

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Total</u>
Cost :				
Balance on January 1, 2023	\$ 7,790	108,130	15,426	131,346
Additions	1,007	2,452	-	3,459
Disposal	(3,430)	(336)	-	(3,766)
Reclassification	(332)	332	-	-
Balance on December 31, 2023	<u>\$ 5,035</u>	<u>110,578</u>	<u>15,426</u>	<u>131,039</u>
Balance on January 1, 2022	\$ 9,123	104,782	-	113,905
Additions	1,624	39,996	15,426	57,046
Disposal	(2,957)	(36,648)	-	(39,605)
Balance on December 31, 2022	<u>\$ 7,790</u>	<u>108,130</u>	<u>15,426</u>	<u>131,346</u>
Accumulated depreciation and impairment losses:				
Balance on January 1, 2023	\$ 4,848	15,538	3,398	23,784
Depreciation for the period	1,876	16,305	5,142	23,323
Disposal	(3,430)	(336)	-	(3,766)
Reclassification	(83)	83	-	-
Balance on December 31, 2023	<u>\$ 3,211</u>	<u>31,590</u>	<u>8,540</u>	<u>43,341</u>
Balance on January 1, 2022	\$ 3,700	17,282	-	20,982
Depreciation for the period	1,879	15,622	3,398	20,899
Disposal	(731)	(17,366)	-	(18,097)
Balance on December 31, 2022	<u>\$ 4,848</u>	<u>15,538</u>	<u>3,398</u>	<u>23,784</u>
Carrying amount:				
Balance on December 31, 2023	<u>\$ 1,824</u>	<u>78,988</u>	<u>6,886</u>	<u>87,698</u>
Balance on December 31, 2022	<u>\$ 2,942</u>	<u>92,592</u>	<u>12,028</u>	<u>107,562</u>

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

(j) Short-term notes and bills payable

	December 31, 2023	December 31, 2022
Short-term notes and bills payable	\$ 36,400,000	35,500,000
Discount on short-term notes and bills payable	(95,797)	(50,639)
Total	\$ 36,304,203	35,449,361
Range of interest rates	<u>1.42%~1.57%</u>	<u>1.50%~1.61%</u>

(k) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank short-term debts	\$ 28,723,900	36,500,000
Unused short-term credit lines	\$ 140,950,825	118,175,780
Range of interest rate	<u>1.62%~1.69%</u>	<u>1.21%~1.69%</u>

The Company did not provide any assets as collaterals for its short-term borrowings.

(l) Long-term debts

Long-term debts consisted of the following:

December 31, 2023				
	Currency	Interest rate	Expiration	Amount
Unsecured bank long-term debts	TWD	1.6250%~1.7895%	2024~2025	\$ 31,742,602
Less : current portion				(5,500,000)
Total				\$ 26,242,602
Unused long-term credit lines				\$ 5,000,000

December 31, 2022				
	Currency	Interest rate	Expiration	Amount
Unsecured bank long-term debts	TWD	1.3087%~1.5250%	2023~2024	\$ 12,000,000
Less : current portion				(6,500,000)
Total				\$ 5,500,000
Unused long-term credit lines				\$ 3,000,000

(i) Please refer to note 6(v) for information on the Company's exposure to liquidity risk, and risk of changes in interest rates and liquidation risk.

(ii) Pledged assets for bank loans

The Company did not provide any assets as collaterals for its long-term borrowings.

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

(iii) Financial covenants of significant loans and borrowings

The Company entered into a syndicated credit agreement with different financial institutions, with Bank of Taiwan being the lead bank, wherein the Company shall maintain certain financial ratios on the balance sheet date. (i.e. current ratio, debt ratio, etc.) If, however, the Company breach the contract, it should enhance its performance by increasing its cash capital or other means during the improvement period. Otherwise, the loans will be considered due and the Company will be required to pay the remaining amount of loan immediately.

(m) Bonds payable

	December 31, 2023	December 31, 2022
Domestic unsecured nonconvertible corporate bonds	\$ 65,800,000	64,375,000
Costs of issuing bonds	(57,533)	(53,508)
Current portion	(9,270,477)	(11,569,513)
Total	\$ 56,471,990	52,751,979

The terms of domestic corporate bonds as of December 31, 2023 were as follows:

	The second domestic unsecured nonconvertible corporate bond in 2013	The first domestic unsecured nonconvertible corporate bond in 2014	The second domestic unsecured nonconvertible corporate bond in 2014	The first domestic unsecured nonconvertible corporate bond in 2017	The first domestic unsecured nonconvertible corporate bond in 2018
Issued amount	TWD10,400,000	TWD10,000,000	TWD5,000,000	TWD9,500,000	TWD10,500,000
Balance, end of year	4,198,436	9,990,732	749,806	1,499,663	5,247,261
Current portion	2,099,218	-	749,806	1,499,663	1,524,204
Issuance date	December 18, 2013	June 24, 2014	November 11, 2014	July 10, 2017	September 6, 2018
Issuance period	10 years and 12 years	14 years and 15 years	5 years and 10 years	5 years and 7 years	5 years, 7 years and 10 years
Coupon rate	1.98% and 2.08%	2.04%	1.45% and 1.93%	1.03% and 1.25%	0.83%, 0.91% and 1.07%
Interest payment date	December 18	June 24	November 11	July 10	September 6
Repayment method	Payable in 2 equal installments for each coupon rate in 2022~2023 and 2024~2025, respectively.	Payable in 2 equal installments for each coupon rate in 2028 and 2029, respectively.	Payable in 2 equal installments for each coupon rate in 2018~2019 and 2023~2024, respectively.	Payable in 2 equal installments for each coupon rate in 2021~2022 and 2023~2024, respectively.	Payable in 2 equal installments for each coupon rate in 2022~2023, 2024~2025, and 2027~2028, respectively.

	The first domestic unsecured nonconvertible corporate bond in 2019	The second domestic unsecured nonconvertible corporate bond in 2019	The first domestic unsecured nonconvertible corporate bond in 2020	The first domestic unsecured nonconvertible corporate bond in 2021	The first domestic unsecured nonconvertible corporate bond in 2023
Issued amount	TWD6,300,000	TWD5,100,000	TWD10,000,000	TWD11,500,000	TWD13,000,000
Balance, end of year	5,446,653	4,147,276	9,992,075	11,489,958	12,980,607
Current portion	849,478	949,376	1,598,732	-	-
Issuance date	June 17, 2019	October 15, 2019	September 24, 2020	June 3, 2021	October 5, 2023
Issuance period	5 years, 7 years and 10 years	5 years, 7 years and 10 years	5 years, 7 years and 10 years	5 years and 7 years	5 years and 10 years
Coupon rate	0.74%, 0.82% and 0.91%	0.71%, 0.75% and 0.84%	0.49%, 0.58% and 0.62%	0.45% and 0.53%	1.57% and 1.77%
Interest payment date	June 17	October 15	September 24	June 3	October 5
Repayment method	Payable in 2 equal installments for each coupon rate in 2023~2024, 2025~2026, and 2028~2029, respectively.	Payable in 2 equal installments for each coupon rate in 2023~2024, 2025~2026, and 2028~2029, respectively.	Payable in 2 equal installments for each coupon rate in 2024~2025, 2026~2027, and 2029~2030, respectively.	Payable in 2 equal installments for each coupon rate in 2025~2026 and 2027~2028, respectively.	Payable in 2 equal installments for each coupon rate in 2027~2028 and 2032~2033, respectively.

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

(n) Lease liabilities

The carrying values of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	\$ <u>22,922</u>	<u>22,209</u>
Non-current	\$ <u>66,843</u>	<u>87,008</u>

For information on the maturity analysis, please refer to note 6(v).

The amounts recognized in profit or loss were as follows:

	For the years ended December 31	
	2023	2022
Interest on lease liabilities	\$ <u>1,254</u>	<u>1,287</u>
Expenses relating to short-term leases	\$ <u>20,920</u>	<u>15,616</u>

The amounts recognized in the statement of cash flows for the Company were as follows:

	For the years ended December 31	
	2023	2022
Total cash outflow for leases	\$ <u>45,086</u>	<u>37,367</u>

(i) Real estate leases

The Company leases land and buildings for its office space and plant. The leases of land typically run for a period of 1 to 17 years, of office space for 2 to 20 years, and of plant for 2 year. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases require the Company to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

The Company expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

(ii) Other leases

The Company leases buildings with contract terms of one year. These leases are short-term items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

(o) Employee Benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	\$ 21,803,944	23,669,544
Fair value of plan assets	(12,237,958)	(11,948,261)
Net defined benefit liabilities	<u>\$ 9,565,986</u>	<u>11,721,283</u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for its employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$12,202,008 as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in the present value of the defined benefit obligation

The movements in the present value of the defined benefit obligation were as follows:

	For the years ended December 31 2023	2022
Balance, beginning of year	\$ 23,669,544	25,951,086
Current service cost and interest expense	468,143	362,148
Remeasurements of the net defined benefit liabilities:		
Actuarial losses (gains) arising from changes in financial assumptions	-	(722,139)
Experience adjustments	(397,028)	172,900
Benefits paid from plan assets	(1,965,498)	(2,116,664)
Increase from transfer of related party employees	28,783	22,213
Balance, end of year	<u>\$ 21,803,944</u>	<u>23,669,544</u>

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

3) Movements in the fair value of the plan assets

The movements in the fair value of the plan assets were as follows:

	For the years ended December 31	
	2023	2022
Balance, beginning of year	\$ 11,948,261	10,971,005
Interest income	141,555	52,563
Remeasurements of the net defined benefit liabilities:		
Return on plan assets (except for interest income)	94,305	811,933
Contributions from employer	1,453,298	1,768,461
Benefits paid	(1,399,461)	(1,655,701)
Balance, end of year	\$ 12,237,958	11,948,261

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

	For the years ended December 31	
	2023	2022
Current service cost	\$ 181,729	235,377
Net interest expense of net defined benefit liabilities	144,859	74,208
	\$ 326,588	309,585

	For the years ended December 31	
	2023	2022
Operating costs	\$ 247,436	243,081
Selling expenses	13,146	12,266
Administrative expenses	66,006	54,238
	\$ 326,588	309,585

5) Remeasurement of net defined benefit liability recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability recognized in other comprehensive income were as follows:

	For the years ended December 31	
	2023	2022
Accumulated amount at January 1	\$ (5,024,064)	(3,662,892)
Recognized during the period	(491,333)	(1,361,172)
Accumulated amount at December 31	\$ (5,515,397)	(5,024,064)

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.25 %	1.25 %
Future salary increase rate	2.85 %	2.85 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$255,687.

The weighted-average lifetime of the defined benefits plans is 5.8 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation as of December 31, 2023 and 2022 shall be as follows:

	Influences of defined benefit obligations	
	Increase	Decrease
December 31, 2023		
Discount rate (0.25% variation)	\$ (180,057)	185,097
Future salary increasing rate (1.00% variation)	811,832	(745,440)
December 31, 2022		
Discount rate (0.25% variation)	(233,864)	240,713
Future salary increasing rate (1.00% variation)	1,026,946	(936,611)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plan

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$310,598 and \$324,637 for the years ended December 31, 2023 and 2022, respectively.

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

(p) Income taxes

(i) Income tax expense

The components of income tax expense for 2023 and 2022 were as follows:

	For the years ended December 31	
	2023	2022
Current income tax expense (benefit)		
Current period	\$ 18,712	3,439,040
Adjustment for prior periods	18,474	(41,590)
Deferred tax expense		
Origination and reversal of temporary differences	(609,851)	(2,042,435)
Total income tax expense (benefit)	<u>\$ (572,665)</u>	<u>1,355,015</u>

The amount of income tax recognized in other comprehensive income for 2023 and 2022 were as follows:

	For the years ended December 31	
	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	<u>\$ 98,267</u>	<u>272,234</u>

Reconciliation of income tax and profit before tax for 2023 and 2022 were as follows:

	For the years ended December 31	
	2023	2022
Profit excluding income tax	<u>\$ 5,737,385</u>	<u>33,463,992</u>
Income tax using the Company's domestic tax rate	\$ 1,147,477	6,692,798
Effect of tax rates in foreign jurisdiction	(217,766)	20,128
Tax effect on tax-exempt dividend income	(354,115)	(695,570)
Current-year losses for which no deferred tax asset was recognized	815,559	-
Tax-exempt income	(26,650)	(183,415)
Income tax expense arising from investment income in associates and joint ventures	(87,915)	29,139
Tax effect on investment income recognized under equity method	(1,905,392)	(4,649,980)
Differences between estimated and actual income tax and income tax adjustments on prior years	18,474	(41,590)
Undistributed earnings additional tax	18,711	299,713
Other income tax adjustments	18,952	(116,208)
Income tax expense (benefit)	<u>\$ (572,665)</u>	<u>1,355,015</u>

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

(ii) Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

Movement in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax liabilities:

	Foreign investment income recognized under equity method	Others	Total
Balance on January 1, 2023	\$ 10,435,185	250,269	10,685,454
Recognized in profit or loss	(959,283)	(34,011)	(993,294)
Balance on December 31, 2023	<u><u>\$ 9,475,902</u></u>	<u><u>216,258</u></u>	<u><u>9,692,160</u></u>
Balance on January 1, 2022	\$ 12,682,118	276,333	12,958,451
Recognized in profit or loss	(2,246,933)	(26,064)	(2,272,997)
Balance on December 31, 2022	<u><u>\$ 10,435,185</u></u>	<u><u>250,269</u></u>	<u><u>10,685,454</u></u>

Deferred tax assets:

	Defined benefit plans	Idle capacity	Others	Total
Balance on January 1, 2023	\$ 2,344,257	151,341	174,729	2,670,327
Recognized in profit or loss	(332,793)	(30,260)	(20,390)	(383,443)
Recognized in other comprehensive income	(98,267)	-	-	(98,267)
Balance on December 31, 2023	<u><u>\$ 1,913,197</u></u>	<u><u>121,081</u></u>	<u><u>154,339</u></u>	<u><u>2,188,617</u></u>
Balance on January 1, 2022	\$ 2,996,016	74,527	102,580	3,173,123
Recognized in profit or loss	(379,525)	76,814	72,149	(230,562)
Recognized in other comprehensive income	(272,234)	-	-	(272,234)
Balance on December 31, 2022	<u><u>\$ 2,344,257</u></u>	<u><u>151,341</u></u>	<u><u>174,729</u></u>	<u><u>2,670,327</u></u>

(iii) Assessment of tax

The Company's tax returns for the year through 2021 were assessed by the ROC authorities.

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

(iv) Global minimum top-up tax

As of December 31, 2023, there have been no legislative or substantive legislative enactments on supplementary taxes in any country where the operations of the are located; hence, no related deferred income taxes have been recognized. Although the retrospective application of Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules" has no impact on its consolidated financial statements, the Company is closely monitoring the legislative developments related to the introduction of the Global minimum top-up tax in the jurisdictions where it operates.

The Company has applied the deferred tax accounting based on the temporary mandatory relief policy. Due to the impacts of the top-up tax, the income tax incurred by the Group during the year will be recognized as current tax. (see Note 4 (r)).

(q) Capital and other equity

As of December 31, 2023 and 2022, the Company's government registered total authorized capital and issued capital stock both amounted to \$79,308,216, divided into 7,930,822 thousand shares of stock with \$10 par value per share.

(i) Capital surplus

The components of capital surplus as of December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Paid-in capital from conversion of corporate bond to common stock in excess of par value	\$ 8,997,136	8,997,136
Gains on acquisition of Taiwan Plasticizer Corporation	74,474	74,474
Other	<u>18,661,923</u>	<u>18,621,333</u>
Total	<u>\$ 27,733,533</u>	<u>27,692,943</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

1) Legal reserve

If the Company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

2) Special reserve

As the Company opted to avail of the exemptions allowed under IFRS 1 “First-time Adoption of International Financial Reporting Standards” during the Company’s first-time adoption of the IFRSs as endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments (gains) of \$6,277,052, which were previously recognized in shareholders’ equity were reclassified to retained earnings. According to Ruling by FSC, a special reserve is appropriated from retained earnings for aforementioned reclassification. In addition, during the use, disposal or reclassifications of relevant assets, these special reserves can be reverted to distributable earnings proportionately. As the amount appropriated exceeds the increase in retained earnings arising from the adoption of IFRSs, only \$6,243,060 is appropriated in compliance to the IFRSs as endorsed by the FSC. The balance of special reserve amounted to \$6,105,133 and \$6,109,789 as of December 31, 2023 and 2022, respectively.

Pursuant to the Regulatory Permit mentioned above, the Company is also required to set aside an additional special reserve from current-period earnings and undistributed prior period earnings during earnings distribution. The amount to be set aside should be equal to the difference between net current-period reduction of the other stockholders’ equity and the amount of above-mentioned special reserve. The accumulated prior-period reduction of the other stockholders’ equity shall be set aside as an additional special reserve, which does not qualify for earnings distribution, from undistributed prior-period earnings. Amounts of subsequent reversals pertaining to the net reduction of other shareholders’ equity shall qualify for additional distributions.

3) Earnings distribution

According to the Company’s Articles of Association, the Company’s annual net earnings, after providing for income tax and covering the losses of previous years, is first set aside for legal reserve at the rate of 10% thereof, and if necessary, may set aside a special reserve, followed by dividends. If there is any unappropriated earnings in the current year, the Board of Directors shall prepare a proposal for the distribution of dividends to shareholders, of which the proposal for cash dividends is authorized to be distributed by the Board of Directors with the attendance of at least two-thirds of the directors and the resolution of a majority of the directors who attend the meeting, and shall be reported to the shareholders' meeting; the proposal for stock dividends shall be submitted to the shareholders' meeting for resolution. Special reserve referred to in the preceding paragraph includes reserve for special purposes, the profit accounted for using equity method, and net appraisal profit recognized for financial instruments transactions. However, when the accumulated amount decreases, special reserve shall be reduced by the same amount, limited to the amount listed in this item, and other special reserve set aside in accordance with laws.

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

The Company belongs to a mature industry, in which the annual profit is stable. It adopts three kinds of dividend distribution policies, which are cash dividends, capitalization of earnings, and capital surplus. The net earnings after deducting the legal reserve and special reserve may first be distributed by way of cash dividends which shall be equal to at least fifty percent of the Company's total dividend distribution every year. The capitalization of earnings and capital surplus shall not exceed fifty percent of the total dividends.

The amounts of cash dividends for the 2022 earnings distribution had been approved and proposed, respectively, by the board meeting held on March 8, 2023; while other items of the 2022 earnings distribution had been approved by the stockholders' meeting held on May 31, 2023, and the 2021 earnings distribution had been approved by the stockholders' meeting held on June 10, 2022, respectively, as follows:

	<u>2022</u>	<u>2021</u>
Dividends per share:		
Cash dividends	\$ <u>3.00</u>	<u>7.50</u>

The aforementioned earnings distributions did not differ from those proposed by the board of directors and those estimated and accrued amount in the financial statements. The related information can be obtained from the Market Observation Post System website.

(iii) Other equity accounts (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance, January 1, 2023	\$ (6,503,889)	27,101,700	153	20,597,964
Exchange differences on associates and subsidiaries accounted for using equity method	(2,209,692)	-	-	(2,209,692)
Unrealized gains (losses) from financial assets at fair value through other comprehensive income	-	(252,616)	-	(252,616)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and subsidiaries accounted for using equity method	-	4,157,305	-	4,157,305
Share of cash flow hedge of associates and subsidiaries under equity method	-	-	7,919	7,919
Balance, December 31, 2023	\$ <u>(8,713,581)</u>	<u>31,006,389</u>	<u>8,072</u>	<u>22,300,880</u>

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance, January 1, 2022	\$ (17,523,958)	52,159,582	8,870	34,644,494
Exchange differences on associates and subsidiaries accounted for using equity method	11,020,069	-	-	11,020,069
Unrealized gains (losses) from financial assets at fair value through other comprehensive income	-	(16,469,457)	-	(16,469,457)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and subsidiaries accounted for using equity method	-	(8,588,425)	-	(8,588,425)
Share of cash flow hedge of associates and subsidiaries under equity method	-	-	(8,717)	(8,717)
Balance, December 31, 2022	<u>\$ (6,503,889)</u>	<u>27,101,700</u>	<u>153</u>	<u>20,597,964</u>

(r) **Earnings Per Share**

The basic earnings per share for the years ended December 31, 2023 and 2022 were calculated on profit attributable to ordinary shareholders of the Company of \$6,310,050 and \$32,108,977, respectively, and weighted average number of outstanding shares of stock were 7,930,822 thousand ordinary shares, were calculated as follows:

(i) **Profit attributable to ordinary shareholders**

	<u>For the years ended December 31</u>
	<u>2023</u> <u>2022</u>
Profit attributable to ordinary shareholders	<u>\$ 6,310,050</u> <u>32,108,977</u>

(ii) **Weighted average number of outstanding ordinary shares**

	<u>For the years ended December 31</u>
	<u>2023</u> <u>2022</u>
Shares outstanding as of January 1 is the same as weighted average number of common stock outstanding as of December 31	<u>7,930,822</u> <u>7,930,822</u>

(s) **Revenue from contracts with customers**

	<u>For the year ended December 31, 2023</u>					
	<u>Plastics industry</u>	<u>Chemical industry</u>	<u>Electronic industry</u>	<u>Polyester industry</u>	<u>Other industries</u>	<u>Total</u>
Primary geographical markets						
Taiwan	\$ 17,132,040	19,433,610	9,109,219	9,883,858	6,305,900	61,864,627
China	1,066,146	6,810,589	8,381,855	1,433,980	126,994	17,819,564
Others	<u>6,207,489</u>	<u>13,372,086</u>	<u>13,644,814</u>	<u>7,513,523</u>	<u>618,617</u>	<u>41,356,529</u>
	<u>\$ 24,405,675</u>	<u>39,616,285</u>	<u>31,135,888</u>	<u>18,831,361</u>	<u>7,051,511</u>	<u>121,040,720</u>

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

For the year ended December 31, 2023						
	Plastics industry	Chemical industry	Electronic industry	Polyester industry	Other industries	Total
Main Products						
PVC sheet	\$ 2,706,802	-	-	-	-	2,706,802
Rigid sheet	2,528,256	-	-	-	-	2,528,256
Pipes	5,636,322	-	-	-	-	5,636,322
Phthalate Plasticizers	-	5,390,338	-	-	-	5,390,338
BPA	-	8,327,270	-	-	-	8,327,270
EG	-	3,952,669	-	-	-	3,952,669
CCL	-	-	9,434,937	-	-	9,434,937
Epoxy	-	-	10,575,383	-	-	10,575,383
Polyester Staple Fiber	-	-	-	2,900,713	-	2,900,713
PET Resin	-	-	-	5,183,439	-	5,183,439
DTY	-	-	-	5,849,635	-	5,849,635
Machinery and Switchgear	-	-	-	-	6,574,903	6,574,903
Others	13,534,295	21,946,008	11,125,568	4,897,574	476,608	51,980,053
	\$ 24,405,675	39,616,285	31,135,888	18,831,361	7,051,511	121,040,720

For the year ended December 31, 2022						
	Plastics industry	Chemical industry	Electronic industry	Polyester industry	Other industries	Total
Primary geographical markets						
Taiwan	\$ 18,612,801	27,886,077	12,760,020	12,297,343	5,888,517	77,444,758
China	1,231,039	14,745,769	14,511,635	1,723,473	3,034,234	35,246,150
Others	7,669,856	21,475,246	17,234,553	9,766,935	346,572	56,493,162
	\$ 27,513,696	64,107,092	44,506,208	23,787,751	9,269,323	169,184,070
Main Products						
PVC sheet	\$ 3,210,310	-	-	-	-	3,210,310
Rigid sheet	2,824,800	-	-	-	-	2,824,800
Pipes	5,644,528	-	-	-	-	5,644,528
Phthalate Plasticizers	-	7,140,890	-	-	-	7,140,890
BPA	-	16,111,971	-	-	-	16,111,971
EG	-	13,754,233	-	-	-	13,754,233
CCL	-	-	13,336,406	-	-	13,336,406
Epoxy	-	-	17,372,791	-	-	17,372,791
Polyester Staple Fiber	-	-	-	3,067,454	-	3,067,454
PET Resin	-	-	-	6,502,654	-	6,502,654
DTY	-	-	-	8,193,930	-	8,193,930
Machinery and Switchgear	-	-	-	-	8,607,740	8,607,740
Others	15,834,058	27,099,998	13,797,011	6,023,713	661,583	63,416,363
	\$ 27,513,696	64,107,092	44,506,208	23,787,751	9,269,323	169,184,070

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

(t) Employee compensation

According to the specifications of the Company's article, 0.05% to 0.5% of the earnings before tax and bonuses should be appropriated to employees as bonuses. However, certain amounts of the earnings should be reserved if there is an accumulated loss from the operations in the previous years in advance of the appropriation of the employee bonuses.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounted to \$5,743 and \$33,497, respectively, which were based on the Company's profit before tax without the employee's compensation of each period, multiplied by the percentage of remuneration to employees as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022.

For the years ended December 31, 2022 and 2021, the remunerations to employees amounted to \$33,497 and \$90,111, respectively, which were paid in cash. There was no difference from the actual distribution. The information is available on the Market Observation Post System website.

(u) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	2023	2022
Interest income from bank deposits	\$ 41,271	16,533
Other interest income	72,243	74,708
	\$ 113,514	91,241

(ii) Other income

The details of other income were as follows:

	2023	2022
Dividend income	\$ 1,770,576	3,477,849
Other income	1,409,529	1,386,606
	\$ 3,180,105	4,864,455

(iii) Other gains and losses

The details of other gains and losses were as follows:

	2023	2022
Gains on disposal of property, plant and equipment	\$ 57,570	757,343
Profit from lease modifications	-	197
Foreign currency exchange gains	114,959	2,041,389
Gains on financial assets at fair value through profit or loss	78,878	192,016
Others	(142,049)	(140,123)
	\$ 109,358	2,850,822

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

(iv) Finance costs

The details of finance costs were as follows:

	<u>2023</u>	<u>2022</u>
Interest expense	\$ 2,439,751	1,572,386
Less: interest capitalized	<u>(86,677)</u>	<u>(81,457)</u>
	<u><u>\$ 2,353,074</u></u>	<u><u>1,490,929</u></u>

(v) Financial Instruments

(i) Credit Risk

1) Credit risk exposure

The Company is exposed to credit risk primarily from cash and cash equivalents, deposits, and trade receivables.

2) Concentration of credit risk

As sales are made to customers worldwide, the Company's exposure to credit risk concentration is expected to be low. Also, the Company mitigates its exposure by evaluating the customers' financial situation regularly.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2023							
Non-derivative financial liabilities							
Short-term notes and bills payable	\$ 36,304,203	36,495,797	36,495,797	-	-	-	-
Notes and accounts payable	5,543,911	5,543,911	5,543,911	-	-	-	-
Accounts payables to related parties	3,913,076	3,913,076	3,913,076	-	-	-	-
Short-term borrowings	28,723,900	28,802,609	28,802,609	-	-	-	-
Long-term borrowings (including current portion)	31,742,602	32,567,056	276,884	5,775,410	26,514,762	-	-
Bonds payable	65,742,467	69,393,803	1,156,180	8,900,475	11,294,998	32,281,185	15,760,965
Lease liabilities	<u>89,765</u>	<u>96,197</u>	<u>12,112</u>	<u>11,838</u>	<u>18,757</u>	<u>12,690</u>	<u>40,800</u>
	<u><u>\$ 172,059,924</u></u>	<u><u>176,812,449</u></u>	<u><u>76,200,569</u></u>	<u><u>14,687,723</u></u>	<u><u>37,828,517</u></u>	<u><u>32,293,875</u></u>	<u><u>15,801,765</u></u>

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2022							
Non-derivative financial liabilities							
Short-term notes and bills payable	\$ 35,449,361	35,550,639	35,550,639	-	-	-	-
Notes and accounts payable	5,267,090	5,267,090	5,267,090	-	-	-	-
Accounts payables to related parties	4,719,312	4,719,312	4,719,312	-	-	-	-
Short-term borrowings	36,500,000	36,603,488	36,603,488	-	-	-	-
Long-term borrowings (including current portion)	12,000,000	12,176,145	6,551,398	42,549	5,582,198	-	-
Bonds payable	64,321,492	67,197,285	2,989,470	9,307,713	9,840,755	25,045,787	20,013,560
Lease liabilities	109,217	116,817	11,887	11,544	22,671	25,835	44,880
	<u>\$ 158,366,472</u>	<u>161,630,776</u>	<u>91,693,284</u>	<u>9,361,806</u>	<u>15,445,624</u>	<u>25,071,622</u>	<u>20,058,440</u>

It is not expected that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency were as follows:

December 31, 2023			
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>TWD</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 435,549	30.7350	13,386,599
JPY	139,526	0.2172	30,305
EUR	405	33.9755	13,760
CNY	31,637	4.3396	137,292
<u>Non-monetary items</u>			
USD	1,933,840	30.7350	59,436,563
HKD	30,485,421	3.9404	120,221,569
VND	4,184,706,161	0.0013	5,301,424
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	33,411	30.7350	1,026,887
JPY	426,909	0.2172	92,725
EUR	2,865	33.9755	97,340

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

December 31, 2022			
	Foreign Currency	Exchange Rate	TWD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$	379,971	30.7080
JPY		231,736	0.2306
EUR		836	32.7026
CNY		93	4.4089
<u>Non-monetary items</u>			
USD		1,724,092	30.7080
HKD		30,486,087	3.9369
VND		5,018,466,157	0.0013
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD		33,784	30.7080
JPY		334,014	0.2306
EUR		3,812	32.7026

2) Sensitivity analysis

The Company's exposure to exchange rate risk arises from the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable, other receivables, financial assets at fair value through other comprehensive income (available-for-sale financial assets), loans and borrowings, accounts payable and other payables which are denominated in different foreign currencies. The overall effects to net income before tax for the years ended December 31, 2023 and 2022 assuming the TWD depreciated or appreciated by 1% against the USD, JPY, EUR and CNY as of December 31, 2023 and 2022 were as follows:

	For the years ended December 31	
	2023	2022
Appreciation in value of 1%	\$ (123,522)	(105,102)
Depreciation in value of 1%	123,522	105,102

This analysis is performed on the same basis for the two periods.

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

3) Foreign exchange gain and loss on monetary items

The Company foreign exchange gains and losses on monetary items (including realized and unrealized portions) converted to functional currency were as follow :

	For the years ended December 31	
	2023	2022
	foreign exchange gains and (losses)	foreign exchange gains and (losses)
TWD	\$ 114,959	2,041,389

(iv) Interest rate analysis

The Company's financial assets and liabilities exposed to interest rates risk are described in liquidity risk.

The following sensitivity analysis is based on the risk exposure to the interest rates of derivative and non-derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the liabilities bearing variable interest rates are outstanding for the whole year. A 1% increase or decrease in interest rate is assessed by management to be a reasonably possible change in interest rate.

An increase or decrease of 1% in interest rates mainly from loans with floating interest rates at the reporting date would have increased or decreased net income by \$5,553 and \$1,786 for the years ended December 31, 2023 and 2022, respectively.

(v) Other market price risks

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the comprehensive income as illustrated below:

	For the year ended December 31	
	2023	2022
	Other comprehensive income after tax	Other comprehensive income after tax
Prices of securities at the reporting date		
Increasing 1%	\$ 321,020	354,947
Decreasing 1%	\$ (321,020)	(354,947)

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

(vi) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income (available for sale financial assets) is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy as stated below. However, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required :

		December 31, 2023			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Financial assets designated as at fair value through profit or loss	\$ 1,641,598	-	1,641,598	-	1,641,598
Accounts receivable	12,651	-	-	-	-
Total	\$ 1,654,249	-	1,641,598	-	1,641,598
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	\$ 32,101,988	32,101,988	-	-	32,101,988
Unquoted equity instruments	18,621,183	-	-	18,621,183	18,621,183
Total	\$ 50,723,171	32,101,988	-	18,621,183	50,723,171
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 2,363,334	-	-	-	-
Notes and accounts receivable (including related parties)	14,810,080	-	-	-	-
Other receivables due from related parties	4,590,294	-	-	-	-
Total	\$ 21,763,708	-	-	-	-
Financial liabilities at amortized cost					
Short-term borrowings	\$ 28,723,900	-	-	-	-
Short-term notes and bills payable	36,304,203	-	-	-	-
Notes and accounts payable (including related parties)	9,456,987	-	-	-	-
Bonds payable	65,742,467	-	-	-	-
Long-term borrowings (including due within one year)	31,742,602	-	-	-	-
Lease liabilities	89,765	-	-	-	-
Total	\$ 172,059,924	-	-	-	-

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

	December 31, 2022				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets designated as at fair value through profit or loss	\$ 1,562,720	-	1,562,720	-	1,562,720
Accounts receivable	66,713	-	-	-	-
Total	\$ 1,629,433	-	1,562,720	-	1,562,720
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	\$ 35,494,677	35,494,677	-	-	35,494,677
Unquoted equity instruments	15,487,957	-	-	15,487,957	15,487,957
Total	\$ 50,982,634	35,494,677	-	15,487,957	50,982,634
Financial assets measured at amortized cost					
Cash and cash equivalent	\$ 10,153,169	-	-	-	-
Notes and accounts receivable (including related parties)	15,575,315	-	-	-	-
Other receivables due from related parties	3,289,924	-	-	-	-
Total	\$ 29,018,408	-	-	-	-
Financial liabilities at amortized cost					
Short-term borrowings	\$ 36,500,000	-	-	-	-
Short-term notes and bills payable	35,449,361	-	-	-	-
Notes and accounts payable (including related parties)	9,986,402	-	-	-	-
Bonds payable	64,321,492	-	-	-	-
Long-term borrowings (including due within one year)	12,000,000	-	-	-	-
Lease liabilities	109,217	-	-	-	-
Total	\$ 158,366,472	-	-	-	-

2) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets measured at amortized cost (held-to-maturity financial assets)

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

b) Financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments traded in active markets are measured at fair value based on the quoted market prices. Quoted prices are the prices announced by the main stock exchanges and over-the-counter markets. They are the basis for recognizing the fair value of the listed and over-the-counter equity instruments. Financial instrument possesses a quoted price in the active markets if the trading prices fairly represent the frequent and orderly transactions for financial instrument, and are readily available from trade centers, security brokers, underwriters, trade unions, pricing service institutes or other related authorities. The market for the said financial instrument shall be seen as inactive should the aforementioned requirements have not been met. Large or significantly increasing gap between the purchase and the exit prices of a financial instrument, or low trade volume, are general indicators of an inactive market.

If the financial instrument of the Company possesses an active market, its fair value should be recognized according to different categories and characteristics as follows:

For listed and over-the-counter stocks with standard terms and are publicly traded in active markets, their fair value are calculated by the market's quoted prices. Other financial instruments that are not traded in active markets are measured with fair values provided by using the valuation techniques via market approach or the discounted cash flow method or other available methods.

4) Transfers between levels of the fair value hierarchy

There were no transfers between levels of the fair value hierarchy for the years ended December 31, 2023 and 2022.

5) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	<u>Unquoted equity instruments</u>
Balance at January 1, 2023	\$ 15,487,957
Total gains and losses recognized:	
In other comprehensive income	3,140,073
Liquidated / refund capital reduction	<u>(6,847)</u>
Balance at December 31, 2023	<u><u>\$ 18,621,183</u></u>

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

	Fair value through other comprehensive income
	<u>Unquoted equity instruments</u>
Balance at January 1, 2022	\$ 25,443,872
Total gains and losses recognized:	
In other comprehensive income	(9,951,665)
Liquidated / refund capital reduction	<u>(4,250)</u>
Balance at December 31, 2022	<u>\$ 15,487,957</u>
6) The valuation procedures for fair value measurements being categorized within Level 3 is to ensure the valuation results are reasonable by applying independent information to make results close to the current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price. According to the Company's accounting policy, the analysis of value changes on remeasured or reevaluated assets and liabilities at the reporting date is performed to ensure the reasonability of the evaluation results.	
7) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement	

Most of the Company's financial instruments that use Level 3 inputs involve only one significant unobservable input. Only equity investment with no-active markets involves multiple significant unobservable inputs.

Quantified information of significant unobservable inputs were as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income – unquoted equity instruments	Market comparable companies	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	The higher the multiple, the higher the fair value
	Net Asset Value Method	Not applicable	Not applicable

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

- 8) Fair value measurement in Level 3 - sensitivity analysis of reasonably possible alternative assumption

The valuation models and assumptions used to measure the fair value of the financial instruments is reasonable. However, the use of different valuation models or assumptions may result in different measurements. For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

	Input	Change	Recognized in other comprehensive income	
			Favorable change	Unfavorable change
December 31, 2023				
Financial assets at fair value through other comprehensive income – unquoted equity instruments	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	± 1%	\$ <u>148,228</u>	<u>(148,228)</u>
December 31, 2022				
Financial assets at fair value through other comprehensive income – unquoted equity instruments	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	± 1%	\$ <u>113,662</u>	<u>(113,662)</u>

(w) Financial risk management

- (i) The Company have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying financial statements.

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

(ii) Structure of risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

To maintain the credit quality of receivables, a credit risk management policy has been established. Under this policy, each customer is analyzed individually regarding customer's financial situation, external and internal credit rating, historical trading record, and current economic condition which may affect customer's payment ability. In addition, some methods are adopted to reduce the credit risk for specific customers, such as prepayment and insurance of accounts receivable.

The credit risk exposure on bank deposits and other financial instruments are measured and monitored by the Company's finance department. As the Company's transactions are done with the banks and other external parties with good credit standing, management is not aware of any noncompliance issues and is not expecting significant credit risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient current funds, such as cash and cash equivalents, securities with high liquidity and sufficient credit line from banks, to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

(v) Market risk

Market risk is the risk that changes in the market, such as foreign exchange rates, interest rates and equity prices of that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk is due to global transactions that are denominated in a currency other than the respective functional currency of the Company, the New Taiwan Dollars (TWD). These transactions are primarily denominated in USD. The currency risk mainly arises from future business transactions and recognized assets and liabilities. Part of the currency risks arising from purchases and sales can be offset each other to achieve automatic hedge.

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

When the Company has foreign currency needs, the Company uses spot exchange contracts and forward exchange contracts if the exchange rate is advantageous to the Company to manage the risk. If necessary, the Company uses derivatives operated by prestigious international banks to manage its exposure to foreign currency exchange rate fluctuation risk, which monitor the exchange rate risks and adhere to acceptable levels by the Company.

2) Interest rate risk

The Company's interest rate risk mainly arises from long-term loans with variable interest rates, which bear cash flow risks to the Company. Part of the interest rate risk can be offset by cash and cash equivalents with variable interest rates held by the Company.

The Company monitors and manages interest rate risks, using derivatives when necessary, to lower the risks to acceptable levels.

3) Other market price risk

The Company is exposed to fair value change risk due to financial assets at fair value through other comprehensive income (available-for-sale financial assets), which were measured at fair value.

(x) Capital management

Although business operated by the Company has reached the stage of maturity, a sufficient amount of capital is still required to support the operation of investee companies, construction and expand its production facilities and equipment.

The Company's policy is to maintain sufficient financial resources and operating plan to meet future demands such as operating capital, capital expenditure, research and development expenditures, loan reimbursements, and dividend distributions.

The Company and other entities in the same industry use the debt-to-equity ratio to manage its capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt. The Company's debt-to-equity ratio at the end of the reporting period were as follows :

	December 31, 2023	December 31, 2022
Total liabilities	\$ 208,282,181	201,099,427
Less: cash and cash equivalents	<u>(2,363,334)</u>	<u>(10,153,169)</u>
Net debt	<u>\$ 205,918,847</u>	<u>190,946,258</u>
Total equity	<u>\$ 360,144,279</u>	<u>375,104,590</u>
Debt-to-equity ratio at December 31	<u>36.38 %</u>	<u>33.73 %</u>

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

(y) Reconciliation of liabilities arising from financing activities

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Bonds payable (including current portion)	Lease liabilities (including current portion)	Total liabilities arising from financing activities
Balance, January 1, 2023	\$ 36,500,000	35,449,361	12,000,000	64,321,492	109,217	148,380,070
Changes in cash flows from financing activities	(7,773,659)	900,000	19,750,000	1,404,826	(22,912)	14,258,255
Changes in non-cash	-	(45,158)	(7,398)	16,149	3,460	(32,947)
Changes in foreign exchange movement	(2,441)	-	-	-	-	(2,441)
Balance, December 31, 2023	<u>\$ 28,723,900</u>	<u>36,304,203</u>	<u>31,742,602</u>	<u>65,742,467</u>	<u>89,765</u>	<u>162,602,937</u>

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Bonds payable (including current portion)	Lease liabilities (including current portion)	Total liabilities arising from financing activities
Balance, January 1, 2022	\$ 21,087,800	16,997,065	1,800,000	75,079,115	94,340	115,058,320
Changes in cash flows from financing activities	15,412,218	18,500,000	10,200,000	(10,775,000)	(20,464)	33,316,754
Changes in non-cash	-	(47,704)	-	17,377	35,341	5,014
Changes in foreign exchange movement	(18)	-	-	-	-	(18)
Balance, December 31, 2022	<u>\$ 36,500,000</u>	<u>35,449,361</u>	<u>12,000,000</u>	<u>64,321,492</u>	<u>109,217</u>	<u>148,380,070</u>

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Company and its subsidiaries.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Nan Ya Plastics Corporation U.S.A	Subsidiaries
Nan Ya Plastics Corporation America	Subsidiaries
Formosa Plastics Group Investment Corp.	Subsidiaries
Nan Ya Plastics (Hong Kong) Co., Ltd	Subsidiaries
Superior World Wide Trading Co., Ltd	Subsidiaries
Nan Ya PCB Corporation	Subsidiaries
Wen Fung Industrial Co., Ltd	Subsidiaries
Nan Chung Petrochemical Corporation	Subsidiaries
PFG Fiber Glass Corporation	Subsidiaries
PFG Fiber Glass (Hong Kong) Corporation Limited	Subsidiaries
Nan Ya PCB (U.S.A) Corporation	Subsidiaries
Nan Ya PCB (Hong Kong) Corporation	Subsidiaries

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

<u>Name of related party</u>	<u>Relationship with the Group</u>
Nan Ya PCB (Kunshan) Corporation	Subsidiaries
Nan Ya Plastics (Nantong) Co., Ltd	Subsidiaries
Nan Ya Electric (Nantong) Co., Ltd	Subsidiaries
China Nantong Huafeng Co., Ltd	Subsidiaries
Nantong Huafu Plastics Co., Ltd.	Subsidiaries
Nan Ya Electronic Materials (Kunshan) Co., Ltd	Subsidiaries
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd	Subsidiaries
Nan Ya Plastics (Guangzhou) Co., Ltd	Subsidiaries
Nan Ya Plastics (Huizhou) Co., Ltd	Subsidiaries
Nan Ya Electronic Materials (Huizhou) Co., Ltd	Subsidiaries
Nan Ya Trading (Huizhou) Co., Ltd	Subsidiaries
Nan Ya Plastics (Xiamen) Co., Ltd	Subsidiaries
Nan Ya Plastics (Ningbo) Co., Ltd	Subsidiaries
Wellink Technology Corporation	Subsidiaries
Nan Ya Plastics Corporation Texas	Subsidiaries
PFG Fiber Glass (Kunshan) Co., Ltd	Subsidiaries
Formosa Petrochemical Corporation	Associates
Nanya Technology Corporation	Associates
Formosa Resources Corporation	Associates
Formosa Plastics Construction Corporation	Associates
Formosa Heavy Industries Corporation	Associates
Formosa smart Energy Tech Corporation	Associates
Nan Ya Photonics Incorporation	Associates
Formosa Industries Corporation	Associates
Formosa Group (Cayman) Limited	Associates
FG Inc.	Associates
Formosa Advanced Technology Corporation	Associates
P.T. Indonesia Nanya Indah Plastics Co.	Joint ventures
Nanya Kyowa Plastics (Nantong) Co., Ltd.	Joint ventures
Formosa Plastics Corporation	Other related parties
Formosa Chemicals and Fiber Corporation	Other related parties
Formosa Taffeta Co., Ltd.	Other related parties
Formosa Ha Tinh (Cayman) Ltd.	Other related parties
Formosa Ha Tinh Steel Corporation	Other related parties
Formosa Industries (Ningbo) Co., Ltd.	Other related parties
Formosa Chemicals and Fiber (Ningbo) Corporation	Other related parties

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

<u>Name of related party</u>	<u>Relationship with the Group</u>
Formosa Plastics Marine Corporation	Other related parties
Formosa Plastics Corporation U.S.A.	Other related parties
Formosa Ineos Chemicals Corporation	Other related parties
Ming Chi University Of Technology	Other related parties

(c) Significant related-party transactions

(i) Sales to related parties

The amount of significant sales by the Company to related parties were as follows:

	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries	\$ 9,894,756	15,946,413
Associates and joint ventures	2,560,757	4,381,722
Other related parties	<u>8,085,563</u>	<u>12,506,262</u>
	<u>\$ 20,541,076</u>	<u>32,834,397</u>

The receivables from related parties were as follows:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Subsidiaries		
Nan Ya Electronic Materials (Kunshan) Co., Ltd	\$ 416,163	417,356
Other subsidiaries	1,837,969	1,515,115
Associates and joint ventures	347,721	405,678
Other related parties	<u>616,224</u>	<u>582,758</u>
	<u>\$ 3,218,077</u>	<u>2,920,907</u>

The selling prices and collection terms of sales to related parties are not significantly different from those of third-party customers. The accounts receivable arising from sales of machinery and equipment, and machine parts are collected after the delivery inspection, and the accounts receivable arising from sales of other products are collected on the 30th day of the following month.

The Company sells mainly machinery and provides engineering services to related parties in China and Vietnam. Payment is made after the test run of machinery sold. Also, it sells other products to these related parties. Selling prices and collection terms of other products sold to these associates are not materially different from those to non-related general buyers. Payments are collected 30 to 180 days after shipping of these other products.

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

(ii) Purchase from related parties

The amounts of significant purchases by the company from related parties were as follows:

	For the years ended December 31	
	2023	2022
Subsidiaries	\$ 2,839,867	4,493,504
Associates and joint ventures		
Formosa Petrochemical Corporation	16,673,343	27,677,093
Other associates and joint ventures	9,322	253,298
Other related parties		
Formosa Plastics Corporation	9,496,629	13,823,334
Formosa Chemicals and Fiber Corporation	24,008,251	29,403,614
Other related parties	142,863	208,122
	\$ 53,170,275	75,858,965

The payables to related parties were as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 195,972	470,093
Associates and joint ventures		
Formosa Petrochemical Corporation	998,957	1,265,979
Other associates and joint ventures	5,365	10,957
Other related parties		
Formosa Chemicals and Fiber Corporation	1,920,188	1,990,843
Formosa Plastics Corporation	769,831	974,461
Other related parties	22,619	6,842
	\$ 3,912,932	4,719,175

Purchase prices and payment terms of purchases from related parties are not materially different from those of non-related general suppliers. Payment shall be paid within 30 to 180 days of the month following the month of purchase with checks which are due and payable immediately.

(iii) Unrealized sales profit

Significant unrealized (realized) profits from sales to related parties for the years ended December 31, 2023 and 2022 were as follows:

	For the year ended December 31, 2023		
	Unrealized sales profit at beginning of period	(Realized) Unrealized Sales Profits	Unrealized sales profit at end of period
Investee company			
Subsidiaries	\$ 94,450	(18,106)	76,344
Associates and joint ventures	\$ 37,814	9,697	47,511

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

<u>Investee company</u>	<u>For the year ended December 31, 2022</u>		
	<u>Unrealized sales profit at beginning of period</u>	<u>(Realized) Unrealized Sales Profits</u>	<u>Unrealized sales profit at end of period</u>
Subsidiaries	\$ <u>73,001</u>	<u>21,449</u>	<u>94,450</u>
Associates and joint ventures	\$ <u>39,479</u>	<u>(1,665)</u>	<u>37,814</u>

(iv) Construction

The Company contracted with associates to construct and expand the Company's factory. The construction costs were as follows:

	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Associates and joint ventures		
Formosa Heavy Industries Corporation	\$ <u>307,826</u>	<u>269,573</u>

As of December 31, 2023 and 2022, there were \$144 and \$137 outstanding balance, respectively.

(v) Utility expenses

Part of the utilities of the Company's Lin-Yuan plant and all of the utilities of the Company's Ren-Wu plant, including power, water and steam, are supplied by or paid on behalf of the Company by the utility plants of Formosa Plastics Corporation. The utilities of the Company's Mai Liao plant, including power, water and steam, are supplied by Formosa Petrochemical Corporation. The expenses for utilities for the years ended December 31, 2023 and 2022 were as follows:

	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries		
Nan Chung Petrochemical Corporation	\$ 99,623	163,627
Associates and joint ventures		
Formosa Petrochemical Corporation	5,023,464	6,975,109
Other related parties		
Formosa Plastics Corporation	<u>115,713</u>	<u>141,688</u>
	\$ <u>5,238,800</u>	<u>7,280,424</u>

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

(vi) Property transactions

1) Purchase of property, plant and equipment

The purchase price of property, plant and equipment purchased from related parties were as follows:

	December 31, 2023	December 31, 2022
Associates	\$ 191,961	197,394

For the year ended December 31, 2023 and 2022, the Company purchased property, plant, and equipment, amounting to \$191,961 and \$197,394. As of December 31, 2023 and 2022, there was no outstanding balance. For further description of the property, plant, and equipment, please refer to note 6(h).

2) Acquisitions of financial assets

	Financial Statement Account	Transaction Shares (in thousands)	Transaction Items	For the year ended December 31, 2023
Associates - Formosa Plastics Construction Corporation	Investments accounted for using equity method	50,000	Shares of stock of Formosa Plastics Construction Corporation	\$ 500,000
Associates - Formosa Smart Energy Tech Corporation	Investments accounted for using equity method	75,000	Shares of stock of Formosa Smart Energy Tech Corporation	750,000
Associates - Formosa Resources Corporation	Investments accounted for using equity method	79,860	Shares of stock of Formosa Resources Corporation	798,600
				\$ 2,048,600

	Financial Statement Account	Transaction Shares (in thousands)	Transaction Items	For the year ended December 31, 2022
Associate - Formosa Smart Energy Tech Corporation	Investments accounted for using equity method	100,000	Shares of stock of Formosa Smart Energy Tech Corporation	\$ 1,000,000

3) Disposals of property, plant and equipment

The disposals of property, plant and equipment to related parties are summarized as follows:

	For the years ended December 31, 2023		For the years ended December 31, 2022	
	Disposal price	Gain (loss) from disposal	Disposal price	Gain (loss) from disposal
Other related parties	\$ -	-	801,568	729,986

As of December 31, 2022, there was no outstanding balance. Please refer to note 6(h) for the details of property, plant and equipment.

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NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

(vii) Loans to related parties

The loans to related parties were as follows:

	Other receivables from related parties	
	December 31, 2023	December 31, 2022
Associates and joint ventures		
Formosa Steel IB Pty Ltd	\$ 1,622,500	-
Other related parties		
Formosa Plastics Marine Corporation	1,445,695	2,434,604
	\$ 3,068,195	2,434,604

(viii) Endorsements and guarantees

The amounts of the Company's endorsements and guarantees for securing related parties' loans were as follows:

	December 31, 2023	December 31, 2022
Associates and joint ventures		
Formosa Group (Cayman) Limited	\$ 7,683,750	7,677,000

(ix) Leases

- 1) The rental income of the Company from leasing its plants to its related parties, recognized as other income, were as follows:

	For the years ended December 31	
	2023	2022
Subsidiaries		
Nan Ya PCB Corporation	\$ 295,859	263,054
Associates and joint ventures		
Nan Ya Technology Corporation	436,075	348,341
	\$ 731,934	611,395

The rentals charged to related parties are determined based on the local market prices, and rents are collected monthly depending on the contract.

- 2) The rental expenses of the Company's offices and buildings leased from its related parties, recognized as operating costs and expenses, were as follows:

The Company rented an office building and a piece of land from Formosa Plastics Corporation. The rentals charged to related parties are determined based on the local market prices. For the years ended December 31, 2023 and 2022, the Company recognized the amount of \$2 and \$7 as interest expense, respectively. As of December 31, 2023 and 2022, the balance of lease liabilities amounted to \$0 and \$284, respectively.

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NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

The Company rented an office building from Ming Chi University of Technology. The rentals charged to related parties are determined based on the local market prices. For the years ended December 31, 2023 and 2022, the Company recognized the amount of \$804 and \$850 as interest expense, respectively. As of December 31, 2023 and 2022, the balance of lease liabilities amounted to \$55,118 and \$58,393, respectively.

The Company rented an office building from Nan Ya PCB Corporation. The rentals charged to related parties are determined based on the local market prices. For the year ended December 31, 2023 and 2022, the Company recognized the amount of \$296 and \$298 as interest expense, respectively. As of December 31, 2023 and 2022, the balance of lease liabilities amounted to \$23,604 and \$35,745, respectively.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2023	2022
Short-term employee benefits	\$ 166,750	148,797

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	Usage	December 31, 2023	December 31, 2022
Current financial assets at fair value through other comprehensive income — stock of Formosa Plastics Corporation	Others	The collateral to provisional execution in litigation	\$ 1,008,691	1,105,485
Investment accounted for using equity method — stock of Formosa Petrochemical Corporation	Others	The collateral to provisional execution in litigation	58,099	-
Total			\$ 1,066,790	1,105,485

(9) Significant Commitments and contingencies:

	December 31, 2023	December 31, 2022
(a) Outstanding standby letter of credit	\$ 560,222	537,995
(b) Endorsements and guarantees	7,683,750	7,677,000
(c) Formosa Ha Tinh (Cayman) Ltd. (the Company's investee) and Formosa Ha Tinh Steel Corporation (a subsidiary of Formosa Ha Tinh (Cayman) Ltd.), each separately signed a syndicated line of credit with a group of financial institutions amounting to USD 4,848,500 thousand and USD 2,453,500 thousand, respectively, for their operational needs. According to the requirement of the consortium, the Company has to offer a letter of undertaking or a letter of support based on its ownership of 11.432% and commit to monitor the operations of both companies to ensure they fulfill their financial obligations.		

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

- (d) Nan Ya Plastics Corporation America (the Company's subsidiary) and Nan Ya Plastics Corporation Texas (a subsidiary of Nan Ya Plastics Corporation America), signed a syndicated line of credit with a group of financial institutions amounting to USD 1,000,000 thousand for their investment and expansion needs. According to the requirement of the consortium, the Company has to offer a letter of support based on its direct and indirect ownership of 100.00% and commit to monitor the operations of both companies to ensure they fulfill their financial obligations.
- (e) Formosa Industries Corporation, a Company's investee, signed a syndicated line of credit with a group of financial institutions amounting to USD 200,000 thousand for its operational needs. According to the requirement of the consortium, the Company has to offer a letter of support based on its ownership of 42.50% and commit to monitor the operations of Formosa Industries Corporation to ensure that it completes its financial obligation.
- (f) Formosa Steel IB Pty Ltd. (a subsidiary of Formosa Resources Corporation), signed a syndicated line of credit with a group of financial institutions amounting to USD 695,000 thousand, for their operational needs. According to the requirement of the consortium, the Company has to offer a letter of support based on its ownership of 25.00% and commit to monitor the operations of Formosa Steel IB Pty Ltd. to ensure that it completes its financial obligation.
- (g) Formosa Resources Corporation, a Company's investee company, signed a syndicated line of credit with various banks amounting to USD 430,000 thousand for its operational needs. According to the requirement of the banks, the Company has to offer a letter of support based on its 25.00% direct shareholding in Formosa Resources Corporation, and commit to monitor the operations of Formosa Resources Corporation to ensure that it completes its financial obligation.
- (h) Formosa Resources Australia Pty Ltd. (a subsidiary of Formosa Resources Corporation), signed a syndicated line of credit with various banks amounting to USD 550,000 thousand, for their operational needs. According to the requirement of the banks, the Company has to offer a letter of support based on its 25.00% indirect shareholding in Formosa Resources Australia Pty Ltd., and commit to monitor the operations of Formosa Resources Australia Pty Ltd. to ensure that it completes its financial obligation.
- (i) Litigation between the Company and DBTEL Incorporated(a)

The Company's client, DBTEL Inc. (DBTEL), placed several orders from the Company concerning LCD monitors since May 2003. However, in June 2004, it decided to cancel some of them, even demanding the Company to postpone its delivery; and in some cases, it went to a certain extent as to refuse accepting the goods delivered by the Company, resulting in a stock up of both raw materials and finished products in the Company's warehouse amounting to USD 5,409,815 and TWD 100,846,141. In light of this matter, the Company filed a lawsuit against DBTEL to the Taiwan High Court on April 6, 2006, demanding for compensation for the damage caused by DBTEL, who in turn filed a counterclaim to the Supreme Court against the Company requesting for either a refund or reduction of payment.

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

The Supreme Court made the following decisions on January 5, 2022:

- (i) The Supreme Court handed the following cases over to the Taiwan High Court for reconsideration:
 - 1) The Company's request for the compensations of USD 4,116,460, TWD 73,616,980, and TWD 27,229,161 (all including principal and interest) from DBTEL concerning Schedules II, III, and IV, respectively.
 - 2) DBTEL's request for the refund on other declarations of provisional execution.

The Company will respond according based on the decision made by the court.

- (ii) The Supreme Court rejected DBTEL's counterclaim, and instead, ruled in favor of the Company and ordered DBTEL to pay a portion of the payment for schedule I amounting to USD 1,278,863, with the remaining amount of USD 14,492 being dismissed by the Taiwan High Court as the interest amount did not exceed TWD 1.5 million and could not be appealed to the Supreme Court.
- (j) Litigation between the Company and DBTEL Incorporated (b)

On June 29, 2018, DBREL Inc.(DBTEL) filed a lawsuit to the Taipei District Court against the Company, demanding for the original compensation of TWD 10 million, which was later increased to TWD 1 billion, for the losses it incurred resulting from the delay of its production and customer returns due to the deferred transaction and defective goods delivered by the Company. On April 29, 2021, the Taipei District Court ruled that the Company need not be responsible for any damage, and demanded DBTEL to pay for the litigation expenses. DBTEL disagreed with the decision made by the Taipei District Court and filed an appeal to the Taiwan High Court. However, DBTEL reduced the damage to TWD 350,000,000. This case was still in progress as of the reporting date, and the Company has engaged a law firm to handle the matter.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, were as follows:

By item	By function	For the year ended December 31, 2023				For the year ended December 31, 2022			
		Operating costs	Operating expenses	Non-Operating expenses	Total	Operating costs	Operating expenses	Non-Operating expenses	Total
Employee benefit									
Salaries		9,016,402	3,824,990	-	12,841,392	10,019,626	4,068,830	-	14,088,456
Labor and health insurance		755,625	235,986	-	991,611	792,508	230,487	-	1,022,995
Pension expenses		463,182	174,004	-	637,186	474,477	159,745	-	634,222
Remuneration of directors		-	33,089	-	33,089	-	31,395	-	31,395
Others personnel expenses		249,190	66,130	-	315,320	265,633	66,240	-	331,873
Depreciation		6,611,129	490,374	21,818	7,123,321	6,508,943	305,211	14,504	6,828,658
Amortization		719,313	16,149	-	735,462	714,480	17,376	-	731,856

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

The company's number of employees and additional information on employee benefits are as follows:

	For the years ended December 31,	
	2023	2022
Number of employees	<u>12,333</u>	<u>13,051</u>
Number of non-concurrently employees by directors	<u>9</u>	<u>9</u>
Average employee benefit expenses	<u>\$ 1,200</u>	<u>1,233</u>
Average employee salary expenses	<u>\$ 1,042</u>	<u>1,080</u>
Adjustment of average employee salary expenses	<u>(3.52)%</u>	<u>(13.04)%</u>
Remuneration of the supervisors	<u>\$ -</u>	<u>-</u>

(a) Policy for directors' remuneration:

- (i) The Company's independent directors will receive the remuneration monthly, and they are also provided with transportation allowances based on their board meeting attendance.
- (ii) According to the Company's articles, the directors' remuneration is approved by the board of directors in accordance with the degree of participation and value of contributions to the operation of the Company, as well as the salary standards of the same peer or industry. Also, they are provided with transportation allowances based on their board meeting attendance.
- (iii) On June 22, 2010, the Company had approved to abolish the appropriation earnings for directors as remuneration at the Annual Stockholders' Meeting.

(b) Policy for remuneration of the Supervisors:

On June 23, 2016, the Company has established an Audit Committee to replace its Supervisors.

(c) Policy for managers' remuneration:

According to the Company's Article 21 and Article 29 of the R.O.C. Company Act, the Company's managers will receive a monthly remuneration, performance bonus, annual bonus and managers' bonus. Also, The Company monthly allocates retirement pension (including both old and new) and welfare payments to their personal accounts in accordance with the provisions of the Company's Pension. Furthermore, an additional remuneration will be provided to managers under exceptional situations, such as executive retirement bonuses, severance payment, etc. Besides, the chairman of the board of directors will propose the adjustment to the remuneration committee after considering and evaluating the overall performance of the manager's responsibilities (including operational effectiveness, financial performance, industrial safety incidents, environmental sustainability, energy saving, etc.) as well as the achievement of the individual's "annual work target".

(d) Policy for employee remuneration:

The Company's employees are paid monthly. They will also receive their annual bonus, festival bonus, performance bonus and managers' bonus, depending on the business conditions of the Company. Besides, the monthly wages are adjusted with reference to the Consumer Price Index (CPI), industry salary level, and relevant economic data.

(Continued)

NAN YA PLASTICS CORPORATION
Notes to the Financial Statements

(13) Other disclosures:

- (a) Information on significant transactions:
 - (i) Loans to other parties: Please see attached Table 1.
 - (ii) Guarantees and endorsements for other parties: Please see attached Table 2.
 - (iii) Information regarding securities held at the reporting date (excluding investment in subsidiaries, associates and joint ventures): Please see attached Table 3.
 - (iv) Information regarding individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: Please see attached Table 4.
 - (v) Information regarding acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: Please see attached Table 5.
 - (vi) Information regarding disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None
 - (vii) Information regarding related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock: Please see attached Table 6.
 - (viii) Information regarding receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of the capital stock: Please see attached Table 7.
 - (ix) Information regarding trading in derivative instruments: None
- (b) Information on investees: Please see attached Table 8.
- (c) Information on investment in mainland China: Please see attached Table 9.
- (d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Chang Gung Medical Foundation		876,733,453	11.05 %
Formosa Plastics Corporation		783,356,866	9.87 %
Formosa Chemicals and Fiber Corporation		413,327,750	5.21 %

- (i) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

(Continued)

NAN YA PLASTICS CORPORATION

Notes to the Financial Statements

- (ii) If share are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

(14) Segment information:

Please refer to the consolidated financial report as of and for the year ended December 31, 2023.

NAN YA PLASTICS CORPORATION
LENDING TO OTHER PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 1

No.	Name of Lenders	Name of Borrowers	Account Name	Related Party	Highest Balance of Financing to Other Parties during the Period	Ending Balance	Actual Usage during the Period	Range of Interest Rates during the Period.	Purposes of Fund Financing for the Borrowers (Note 1)	Transaction Amount for Business Between Two Parties (Note 2)	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral	Individual Funding Loan Limits (Note 3.4)	Maximum Limitation on Fund Financing (Note 3.4)
0	The Company	Formosa Plastics Group Investment Corp.	Other receivables from related parties	YES	100,000	100,000	-	-	2	-	Operating capital	-	-	36,014,428	180,072,140
0	The Company	Wellink Technology Corporation	Other receivables from related parties	YES	100,000	100,000	-	-	2	-	Operating capital	-	-	36,014,428	180,072,140
0	The Company	TPG Fiber Glass Corporation	Other receivables from related parties	YES	500,000	500,000	-	1.863869%-1.86567%	2	-	Operating capital	-	-	36,014,428	180,072,140
0	The Company	Nan Ya Plastics (Hong Kong) Co., Ltd.	Other receivables from related parties	YES	500,000	500,000	-	-	2	-	Operating capital	-	-	36,014,428	180,072,140
0	The Company	Formosa Heavy Industries Corporation	Other receivables from related parties	YES	7,600,000	5,700,000	-	1.993073%-1.993392%	2	-	Operating capital	-	-	90,036,070	180,072,140
0	The Company	Formosa Petrochemical Corporation	Other receivables from related parties	YES	8,500,000	4,500,000	-	-	2	-	Operating capital	-	-	90,036,070	180,072,140
0	The Company	Formosa Plastics Corporation	Other receivables from related parties	YES	8,500,000	4,500,000	-	-	2	-	Operating capital	-	-	90,036,070	180,072,140
0	The Company	Formosa Chemicals and Fiber Corporation	Other receivables from related parties	YES	8,500,000	4,500,000	-	-	2	-	Operating capital	-	-	90,036,070	180,072,140
0	The Company	Formosa Plastics Marine Corporation	Other receivables from related parties	YES	2,969,353	1,725,695	1,445,695	1.863869%-1.99378%	2	-	Operating capital	-	-	90,036,070	180,072,140
0	The Company	Formosa Steel IB Pty Ltd	Other receivables from related parties	YES	1,700,000	1,622,500	1,622,500	1.99378%-1.99378%	2	-	Operating capital	-	-	90,036,070	180,072,140
1	Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation Texas	Other receivables from related parties	YES	15,982,200	11,064,600	11,064,600	5.392%-6.591%	2	-	Operating capital	-	-	22,029,706	44,059,412
1	Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation U.S.A.	Other receivables from related parties	YES	3,073,500	3,073,500	1,377,180	5.392%-6.591%	2	-	Operating capital	-	-	22,029,706	44,059,412
2	Nan Ya PCB Corporation	Nan Ya PCB (HK) Corporation	Other receivables from related parties	YES	50,000	50,000	-	-	2	-	Operating capital	-	-	11,976,979	23,953,958
3	Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Other receivables from related parties	YES	1,735,825	1,735,825	1,735,825	0.7004%	2	-	Operating capital	-	-	55,605,765	111,211,530
4	Wan Fung Industrial Co., Ltd.	Wellink Technology Corporation	Other receivables from related parties	YES	23,000	23,000	-	-	2	-	Operating capital	-	-	27,408	274,079
4	Wan Fung Industrial Co., Ltd.	Formosa Environmental Technology Corporation	Other receivables from related parties	YES	60,000	60,000	60,000	1.863869%-1.99378%	2	-	Operating capital	-	-	109,632	274,079
4	Wan Fung Industrial Co., Ltd.	Formosa Farway Corporation	Other receivables from related parties	YES	15,000	15,000	15,000	1.863869%-1.99378%	2	-	Operating capital	-	-	109,632	274,079
5	Nan Ya Plastics (Guangzhou) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Other receivables from related parties	YES	620,558	-	-	2.76%-2.92%	2	-	Operating capital	-	-	1,105,241	2,210,482
6	Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Other receivables from related parties	YES	954,794	824,517	824,517	2.76%-2.96%	2	-	Operating capital	-	-	1,800,507	3,601,013
7	Nan Ya Plastics (Xiamen) Co., Ltd.	Xiamen Haicang Investment Group Co., Ltd.	Other receivables from related parties	YES	147,545	73,773	73,773	2.84%-2.96%	2	-	Operating capital	-	-	271,081	542,161
7	Nan Ya Plastics (Xiamen) Co., Ltd.	Nan Ya Plastics (Zhengzhou) Co., Ltd.	Other receivables from related parties	YES	99,810	91,131	82,432	2.84%-2.96%	2	-	Operating capital	-	-	271,081	542,161
8	Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Other receivables from related parties	YES	564,143	329,807	329,807	2.76%-2.96%	2	-	Operating capital	-	-	5,429,767	10,859,534
9	China Nantong Huifeng Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Other receivables from related parties	YES	171,413	169,243	169,243	2.76%-2.92%	2	-	Operating capital	-	-	174,360	348,719
10	Nantong Huifu Plastics Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Other receivables from related parties	YES	46,433	46,433	46,433	2.76%-2.96%	2	-	Operating capital	-	-	49,913	99,825
11	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Other receivables from related parties	YES	2,169,782	1,781,391	774,612	2.76%-2.96%	2	-	Operating capital	-	-	31,159,840	62,219,680
11	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Other receivables from related parties	YES	9,243,269	3,645,233	3,645,233	2.84%-3.04%	2	-	Operating capital	-	-	31,159,840	62,219,680
12	Nan Ya Plastics (Ningbo) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Other receivables from related parties	YES	1,165,173	1,032,816	1,032,816	2.76%-2.96%	2	-	Operating capital	-	-	6,552,601	13,105,202

Note 1 : (a) Those with business connect please fill in 1; (b) Those necessary for short-term financing please fill in 2.

Note 2 : Amount from business contact stands for the sum of purchases and sales.

Note 3 : Capital loaned to other parties should not exceed 50% of the lender's net worth, of which the sum loaned to non-interest parties for capital requirements should not exceed 40% of the net worth of borrower.

The cap amount of loans to associates and interested parties should not exceed 25% of the equity of the lenders. Other parties should not exceed 20% of the lender's net worth.

The Company's authorized loans should not exceed 10% of the its net worth, net worth.

Note 4 : Subsidiaries' capital loaned to associates and interested parties should not exceed 50% of the equity of the lenders. Other parties should not exceed 40% of the lender's net worth.

The subsidiaries' cap amount of loans to other parties should not exceed 100% of its net worth. Non-interest parties should not exceed 40% of its net worth. However, subsidiaries' capital loaned to the parties located in non-Taiwan and directly or indirectly held by the company 100% of the shares are not be limited.

Note 5 : Reporting currency of Nan Ya Plastics corporation, America and Nan Ya Plastics corporation U.S.A are denominated in USD, and the exchange rate of TWD to USD as of December 31, 2023 (in average) is 30.735(31.178) : 1.

Reporting currency of Nan Ya Plastics (Hong Kong) Co., Ltd and Superior World Wide Trading Co., Ltd. are denominated in HKD, and the exchange rate of TWD to HKD as of December 31, 2023 (in average) is 3.940(43.9972) : 1.

NAN YA PLASTICS CORPORATION
GUARANTEES AND ENDORSEMENTS FOR OTHER PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 2

Endorsement Guarantee Provider	Counterparty of Guarantee and Endorsement		Limitation Amount of Guarantees and Endorsements for a Specific Enterprise	Highest Balance for Guarantee and Endorsements during the Period	Balance of Guarantees and Endorsements as of December 31, 2023	Amount Secured by Guaranteed/ind Endorsed Property	Amount of Endorsement /Guarantee Collateralized by Properties	Ratio of Accumulated Amounts of Guarantees and Endorsements to Net Worth of the Latest Financial Statements	Maximum Amounts for Guarantees and Endorsements	Parent Company Endorses /Guarantees to Third Parties on Behalf of Subsidiary	Subsidiary Endorses /Guarantees to Third Parties on Behalf of Parent Company	Endorsements /Guarantees to the Third Parties on Behalf of the Companies in Mainland China
	Name	Relationship with The Company (Note)										
0	The Company	Formosa Group (Cayman) Ltd.	6	8,104,750	7,683,750	7,683,750	-	2.13%	468,187,563	N	N	N

Note1: The total amount of guarantees and endorsements by the company shall not exceed 1.3 times of the company's net value, and the amount of guarantees and endorsements for a specific enterprise shall not exceed one half of the foregoing total.
Note2: There are seven conditions in which the Company may have guarantees or endorsements for other parties as follows:

- (1) The Company has business relationship.
- (2) The Company holds directly and indirectly more than 50% of the voting shares of the subsidiaries.
- (3) In aggregate, the Company holds directly or its subsidiaries hold indirectly more than 50% of the investee.
- (4) Subsidiaries in which the Company holds directly or indirectly more than 90% of the voting shares make endorsement and guarantees for each other.
- (5) The Company is required to provide guarantees or endorsements for the construction project based on the construction contract.
- (6) The stockholders of the Company provide guarantees or endorsements for the investee in proportion to their stockholding percentage.
- (7) According to Consumer Protection Act, companies are required to provide guarantees and endorsements for joint and several liabilities if take part in business of preconstruction real estate.

NAN YA PLASTICS CORPORATION
INFORMATION REGARDING SECURITIES HELD AT THE REPORTING DATE
(SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES NOT INCLUDED)
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 3

Security Holder	Category and Name of Security	Relationship Between Issuer of Security and the Company which Holds Securities	Account Name	December 31, 2023				Notes
				Number of Shares (in thousands)	Carrying Value	Shareholding Percentage	Market Value or Net Asset Value	
The Company	Mega International Private USD Money Market	-	Financial assets valued at FVTPL — current	4,554	1,641,598	-	1,641,598	
The Company	Formosa Plastics Corporation	Other related parties	Financial assets valued at FVTOCI — current	294,793	23,347,614	4.63%	23,347,614	Note 1
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	Financial assets valued at FVTOCI — current	140,520	8,754,374	2.40%	8,754,374	
The Company	Formosa Group Ocean Marine Investment Corporation	Other related parties	Financial assets valued at FVTOCI — non current	3	6,307,880	19.00%	6,307,880	
The Company	Formosa Plastics Corporation U.S.A.	Other related parties	Financial assets valued at FVTOCI — non current	2	764,354	0.51%	764,354	
The Company	Ostendo Technologies Inc.	-	Financial assets valued at FVTOCI — non current	150	-	0.12%	-	
The Company	Formosa Plastics Maritime Corp.	Other related parties	Financial assets valued at FVTOCI — non current	352	189,290	18.00%	189,290	
The Company	Formosa International Development Co., Ltd.	Other related parties	Financial assets valued at FVTOCI — non current	20,471	257,919	18.00%	257,919	
The Company	Mai Liao Harbor Administration Corp.	Other related parties	Financial assets valued at FVTOCI — non current	39,562	1,146,969	17.98%	1,146,969	
The Company	Formosa Plastics Marine Corporation	Other related parties	Financial assets valued at FVTOCI — non current	11,657	501,865	15.00%	501,865	
The Company	ASIA Pacific Investment Co.	Other related parties	Financial assets valued at FVTOCI — non current	63,717	2,164,611	14.99%	2,164,611	
The Company	Formosa Technologies Corporation	Other related parties	Financial assets valued at FVTOCI — non current	2,925	265,371	12.50%	265,371	
The Company	Central Leasing Corp.	-	Financial assets valued at FVTOCI — non current	1,779	-	1.07%	-	
The Company	Chinese Television System Inc.	-	Financial assets valued at FVTOCI — non current	1,769	67,336	1.04%	67,336	
The Company	China Investment & Development Company, Limited	-	Financial assets valued at FVTOCI — non current	1,287	11,628	0.80%	11,628	

Security Holder	Category and Name of Security	Relationship Between Issuer of Security and the Company which Holds Securities	Account Name	December 31, 2023				Notes
				Number of Shares (in thousands)	Carrying Value	Shareholding Percentage	Market Value or Net Asset Value	
The Company	Taiwan Aerospace Corp.	-	Financial assets valued at FVTOCI – non current	1,070	28,551	0.79%	28,551	
The Company	Guang Yuan Securities Investment Consulting Corporation	-	Financial assets valued at FVTOCI – non current	3,750	31,275	3.91%	31,275	
The Company	Mega Growth Capital Venture	-	Financial assets valued at FVTOCI – non current	1,390	11,045	1.97%	11,045	
The Company	Formosa Ha Tinh (Cayman) Ltd.	-	Financial assets valued at FVTOCI – non current	621,178	6,873,089	11.43%	6,873,089	
Nan Ya PCB Corporation	Formosa Plastics Corporation	Other related parties	Financial assets valued at FVTOCI – non current	2,996	237,283	0.05%	237,283	
Nan Ya Plastics Corporation America	Sutton (Bonds)	-	Financial assets valued at FVTPL – non current	-	466,584	-	466,584	
Nan Ya Plastics Corporation America	American Overseas Reinsurance Co., Ltd. (Preferred Stock)	-	Financial assets valued at FVTPL – non current	-	-	-	-	
Nan Ya Plastics Corporation America	MBIA Insurance Corp. (Preferred Stock)	-	Financial assets valued at FVTPL – non current	-	198,937	-	198,937	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Hua Ya (Dong Ying) Plastics Corp.	-	Financial assets valued at FVTOCI – non current	-	481,552	15.00%	481,552	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Hua Ya (Wu Hu) Plastics Corp.	-	Financial assets valued at FVTOCI – non current	-	434,305	15.00%	434,305	

Note 1 : The Company pledged its shares of Formosa Plastics Corporation of 12,736 thousand common shares amounting to \$1,008,691.

NAN YA PLASTICS CORPORATION
INFORMATION REGARDING INDIVIDUAL SECURITIES ACQUIRED OR DISPOSED OF WITH ACCUMULATED AMOUNT EXCEEDING THE LOWER OF TWD300 MILLION OR 20% OF THE CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 4

Company Name	Category and Name of Security	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Purchases		Sales			Ending Balance	
					Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Price	Carrying Value	Gain/Loss on Disposal	Shares (in thousands)
The Company	Formosa Smart Energy Tech Corporation	Investments accounted for using equity method	Formosa Smart Energy Tech Corporation	Investments accounted for using equity method	100,000	1,000,818	75,000	750,000	-	-	-	175,000	1,733,910 (Note)
The Company	Formosa Resources Corporation	Investments accounted for using equity method	Formosa Resources Corporation	Investments accounted for using equity method	830,047	7,703,818	79,860	798,600	-	-	-	909,907	7,714,129 (Note)
The Company	Formosa Plastics Construction Corporation	Investments accounted for using equity method	Formosa Plastics Construction Corporation	Investments accounted for using equity method	60,000	565,554	50,000	500,000	-	-	-	110,000	1,051,647 (Note)

Note : End of period amount includes investment income and transaction adjustment under equity method and the effect of exchange changes.

NAN YA PLASTICS CORPORATION
INFORMATION REGARDING ACQUISITION OF INDIVIDUAL REAL ESTATE WITH AMOUNT EXCEEDING THE LOWER OF TWD300 MILLION OR 20% OF THE CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 5

Company Name	Name of Property	Transaction Date (Note 1)	Transaction Amount (Note 2)	Status of Payment	Counter-party	Relationship with the Company	Disclosure of Information on Previous Transfer of Equipment is Required for Related Parties who are also the Counter Parties				References for Determining Price	Purpose of Acquisition and Current Condition	Others
							Owner	Relationship with the Company	Date of Transfer	Amount			
Nan Ya Plastics (Ningbo) Co., Ltd.	Construction in progress	2020.7.30	RMB 257,631	RMB 246,396	China MCC20 Group Corporaion Ltd.	Unrelated party	-	-	-	-	Negotiation	Plant expansion	None
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Construction in progress	2023.7.14	RMB 174,809	RMB 26,221	China Construction Seventh Engineering Division, Corp. Ltd.	Unrelated party	-	-	-	-	Negotiation	Plant expansion	None
Nan Ya Plastics Corporation U.S.A.	Construction in progress	2023.12.27	USD 49,200	USD 49,200	DRI/JS Northeast Crossing, LLC	Unrelated party	-	-	-	-	Negotiation	Plant expansion	None

Note 1 : Transaction date refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

Note 2 : Contract amount.

NAN YA PLASTICS CORPORATION
INFORMATION REGARDING RELATED-PARTY TRANSACTIONS FOR PURCHASES AND SALES WITH AMOUNTS EXCEEDING THE LOWER OF TWD 100 MILLION OR 20% OF THE CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 6

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Notes
			Purchases / (Sales)	Amount	% to total purchase/sales	Credit Period	Unit Price	Payment Term	Ending Balance	% to Total	
The Company	Fomosa Plastics Corporation	Other related parties	(Sales)	(1,660,248)	(1.37)%	30 days	-	-	126,412	0.85%	
The Company	Fomosa Chemicals and Fiber Corporation	Other related parties	(Sales)	(5,736,720)	(4.74)%	30 days	-	-	452,435	3.05%	
The Company	Nan Ya PCB Corporation	Subsidiaries	(Sales)	(1,798,481)	(1.49)%	30 days	-	-	127,591	0.86%	
The Company	Fomosa Petrochemical Corporation	Associates	(Sales)	(1,527,768)	(1.26)%	30 days	-	-	187,616	1.27%	
The Company	Nanya Technology Corporation	Associates	(Sales)	(211,365)	(0.17)%	30 days	-	-	17,825	0.12%	
The Company	Fomosa Taifeta Co., Ltd.	Other related parties	(Sales)	(478,134)	(0.40)%	30 days	-	-	37,275	0.25%	
The Company	Fomosa Industries (Ningbo) Co., Ltd.	Other related parties	(Sales)	(173,756)	(0.14)%	O/A150 days	-	-	-	-	
The Company	Fomosa Industries (Ningbo) Co., Ltd.	Subsidiaries	(Sales)	(885,565)	(0.73)%	O/A105 days	-	-	589,435	3.98%	
The Company	Nan Ya Plastics Corporation U.S.A.	Subsidiaries	(Sales)	(757,215)	(0.63)%	O/A105 days	-	-	181,332	1.22%	
The Company	Nan Ya Plastics Corporation America	Subsidiaries	(Sales)	(2,384,036)	(1.97)%	O/A180 days	-	-	632,055	4.26%	
The Company	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	(Sales)	(353,573)	(0.29)%	O/A150 days	-	-	96,797	0.65%	
The Company	Nan Ya Plastics (Nantong) Co., Ltd.	Subsidiaries	(Sales)	(1,793,057)	(1.48)%	O/A150 days	-	-	416,163	2.81%	
The Company	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(616,586)	(0.51)%	O/A150 days	-	-	119,677	0.81%	
The Company	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(159,847)	(0.13)%	O/A150 days	-	-	70,564	0.48%	
The Company	Nan Ya Plastics (Ningbo) Co., Ltd.	Subsidiaries	(Sales)	(1,205,991)	(1.00)%	O/A150 days	-	-	95,100	0.64%	
The Company	Nan Chung Petrochemical Corporation	Subsidiaries	(Sales)	(261,368)	(0.22)%	30 days	-	-	-	-	
The Company	Nan Ya Plastics (Guangzhou) Co., Ltd.	Subsidiaries	(Sales)	(101,675)	(0.08)%	O/A150 days	-	-	16,228	0.11%	
The Company	Fomosa Plastics Corporation	Other related parties	Purchases	9,496,629	11.75%	30 days	-	-	(769,831)	(8.14)%	
The Company	Fomosa Chemicals and Fiber Corporation	Other related parties	Purchases	24,008,251	29.71%	30 days	-	-	(1,920,188)	(20.30)%	
The Company	Fomosa Petrochemical Corporation	Associates	Purchases	16,673,343	20.64%	30 days	-	-	(998,957)	(10.56)%	
The Company	PPG Fiber Glass Corporation	Subsidiaries	Purchases	1,990,129	2.46%	30 days	-	-	(176,375)	(1.87)%	
The Company	Nan Chung Petrochemical Corporation	Subsidiaries	Purchases	878,217	1.09%	30 days	-	-	-	-	
The Company	Fomosa Ineos Chemicals Corporation	Other related parties	Purchases	139,128	0.17%	30 days	-	-	(22,199)	(0.23)%	
The Company	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Purchases	514,249	0.64%	O/A150 days	-	-	(57,375)	(0.61)%	
The Company	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	Purchases	625,907	0.77%	O/A150 days	-	-	(125,405)	(1.33)%	
The Company	The Company	Parent	Purchases	1,798,481	18.45%	30 days	-	-	(127,590)	(6.85)%	
Nan Ya PCB Corporation	Nan Ya PCB (Kunshan) Corporation	Subsidiaries	Purchases	3,985,733	40.88%	30 days	-	-	(317,600)	(14.56)%	
Nan Ya PCB Corporation	Fomosa Advanced Technologies Co., Ltd.	Associates	(Sales)	(175,676)	(0.60)%	70 days	-	-	10,705	0.22%	
Nan Ya PCB (Kunshan) Corporation	Nan Ya PCB Corporation	Subsidiaries	(Sales)	(3,985,733)	(23.76)%	30 days	-	-	317,600	13.17%	
Nan Ya PCB (Kunshan) Corporation	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Same chairman	Purchases	714,255	9.71%	60 days	-	-	(47,725)	(3.98)%	
Nan Ya PCB (Kunshan) Corporation	Fomosa Advanced Technologies Co., Ltd.	Associates	(Sales)	(373,924)	(2.23)%	70 days	-	-	36,931	1.53%	
Nan Ya PCB (Kunshan) Corporation	Wellink Technology Corporation	Same chairman	Purchases	120,516	1.64%	60 days	-	-	(20,682)	(1.72)%	
Nan Chung Petrochemical Corporation	The Company	Parent	(Sales)	(878,217)	(52.99)%	30 days	-	-	-	-	
Nan Chung Petrochemical Corporation	China Man-made Fiber Corporation	Other related parties	(Sales)	(778,593)	(46.98)%	15th day of next month	-	-	-	-	
Nan Chung Petrochemical Corporation	Fomosa Petrochemical Corporation	Associates	Purchases	1,071,873	53.68%	15th day of next month	-	-	-	-	
Nan Chung Petrochemical Corporation	The Company	Parent	Purchases	261,368	13.09%	30 days	-	-	-	-	
Wellink Technology Corporation	Nan Ya PCB (Kunshan) Corporation	Subsidiaries	(Sales)	(120,516)	(78.08)%	O/A150 days	-	-	20,683	80.44%	
PPG Fiber Glass Corporation	Fomosa Chemicals and Fiber Corporation	Other related parties	Purchases	352,151	38.63%	30 days	-	-	176,375	82.05%	
Nan Ya Plastics Corporation U.S.A.	Fomosa Plastics Corporation U.S.A.	Other related parties	Purchases	655,076	22.68%	payment within one month	-	-	(24,489)	(15.49)%	
Nan Ya Plastics Corporation America	The Company	Parent	Purchases	885,565	30.66%	O/A105 days	-	-	(589,435)	(80.95)%	
Nan Ya Plastics Corporation America	Fomosa Plastics Corporation U.S.A.	Other related parties	(Sales)	(405,608)	(1.43)%	payment within one month	-	-	-	-	
Nan Ya Plastics Corporation America	Fomosa Plastics Corporation U.S.A.	Other related parties	Purchases	110,109	0.47%	payment within one month	-	-	(8,792)	(1.00)%	
Nan Ya Plastics Corporation America	The Company	Parent	Purchases	757,215	3.24%	O/A105 days	-	-	(181,332)	(20.59)%	
Nan Ya Plastics Corporation Texas	Fomosa Plastics Corporation U.S.A.	Other related parties	(Sales)	(163,390)	(2.46)%	payment within one month	-	-	-	-	

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Notes
			Purchases / (Sales)	Amount	% to total purchase/sales	Credit Period	Unit Price	Payment Term	Ending Balance	% to Total	
PPG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(1,861,117)	(62.11)%	60 days	-	-	159,440	41.13%	
PPG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	(Sales)	(432,119)	(14.42)%	60 days	-	-	159,412	41.12%	
PPG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Purchases	149,512	8.96%	60 days	-	-	(12,370)	(5.94)%	
Nan Ya Plastics (Xiamen) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	Purchases	159,302	17.27%	60 days	-	-	(15,579)	(23.07)%	
Nan Ya Plastics (Guangzhou) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	Purchases	406,124	27.06%	60 days	-	-	(37,846)	(31.51)%	
Nan Ya Plastics (Guangzhou) Co., Ltd.	The Company	Parent	Purchases	101,675	6.77%	O/A150 days	-	-	(16,228)	(13.51)%	
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	The Company	Parent	Purchases	2,384,036	25.06%	O/A180 days	-	-	(632,055)	(23.47)%	
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	PPG Fiber Glass (Kunshan) Co., Ltd.	Subsidiaries	Purchases	432,119	4.54%	60 days	-	-	(159,412)	(5.92)%	
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Purchases	5,355,863	56.29%	180 days	-	-	(1,806,716)	(67.08)%	
Nan Ya Plastics (Nantong) Co., Ltd.	The Company	Parent	Purchases	353,573	9.96%	O/A150 days	-	-	(96,797)	(23.96)%	
Nan Ya Plastics (Nantong) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	Purchases	796,246	22.44%	60 days	-	-	(76,127)	(18.44)%	
Nan Ya Plastics (Nantong) Co., Ltd.	Nanya Kyowa Plastics (Nantong) Co., Ltd.	Joint ventures	(Sales)	(168,801)	(3.37)%	60 days	-	-	32,878	2.04%	
Nan Ya Electric (Nantong) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	(Sales)	(125,860)	(16.18)%	60 days	-	-	23,921	15.03%	
Nan Ya Plastics (Ningbo) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(4,071,573)	(35.83)%	60 days	-	-	121,757	28.54%	
Nan Ya Plastics (Ningbo) Co., Ltd.	Formosa Chemicals and Fiber (Ningbo) Corporation	Other related parties	Purchases	7,154,361	69.63%	60 days	-	-	(910,684)	(80.97)%	
Nan Ya Plastics (Ningbo) Co., Ltd.	The Company	Parent	Purchases	1,205,991	11.74%	O/A150 days	-	-	(95,100)	(8.46)%	
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	The Company	Parent	(Sales)	(514,249)	(1.24)%	O/A150 days	-	-	57,375	0.55%	
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	(Sales)	(5,355,863)	(12.91)%	180 days	-	-	1,806,716	17.39%	
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya PCB (Kunshan) Corporation	Same chairman	(Sales)	(714,255)	(1.72)%	60 days	-	-	47,725	0.46%	
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PPG Fiber Glass (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(149,512)	(0.36)%	60 days	-	-	12,370	0.12%	
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(362,179)	(0.87)%	60 days	-	-	33,186	0.32%	
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	The Company	Parent	Purchases	1,793,057	5.12%	O/A150 days	-	-	(416,163)	(20.09)%	
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PPG Fiber Glass (Kunshan) Co., Ltd.	Subsidiaries	Purchases	1,861,117	5.31%	60 days	-	-	(159,440)	(7.70)%	
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd.	Subsidiaries	Purchases	4,071,573	11.63%	60 days	-	-	(121,757)	(5.88)%	
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	The Company	Parent	Purchases	159,847	9.42%	O/A150 days	-	-	(70,564)	(43.05)%	
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Purchases	362,179	21.35%	60 days	-	-	(33,186)	(20.24)%	
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	The Company	Parent	(Sales)	(625,907)	(25.23)%	O/A150 days	-	-	125,405	51.44%	

NAN YA PLASTICS CORPORATION
INFORMATION REGARDING RECEIVABLES FROM RELATED-PARTIES WITH AMOUNTS EXCEEDING THE LOWER OF TWD100 MILLION OR 20% OF THE CAPITAL STOCK
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 7

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Periods	Allowance for Bad Debts
					Amount	Action Taken		
The Company	Formosa Plastics Corporation	Other related parties	Receivables from related parties :	15.71	-	-	126,412	-
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	Receivables from related parties :	12.57	-	-	438,766	-
The Company	Nan Ya PCB Corporation	Subsidiaries	Receivables from related parties :	10.67	-	-	127,157	-
The Company	Formosa Petrochemical Corporation	Associates	Receivables from related parties :	7.54	-	-	161,824	-
The Company	Nan Ya Plastics Corporation U.S.A.	Subsidiaries	Receivables from related parties :	1.69	-	-	-	-
The Company	Nan Ya Plastics Corporation America	Subsidiaries	Receivables from related parties :	6.42	-	-	88,537	-
The Company	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	Receivables from related parties :	3.84	-	-	232,041	-
The Company	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Receivables from related parties :	4.30	-	-	110,006	-
The Company	Formosa Industries Corporation	Associates	Receivables from related parties :	5.45	-	-	65,995	-
Nan Ya PCB (Kunshan) Corporation	Nan Ya PCB Corporation	Subsidiaries	Receivables from related parties :	12	-	-	317,600	-
PFG Fiber Glass Corporation	The Company	Parent	Receivables from related parties :	12	-	-	176,375	-
PFG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Receivables from related parties :	10	-	-	159,440	-
PFG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	Receivables from related parties :	3	-	-	92,993	-
Nan Ya Plastics (Ningbo) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Receivables from related parties :	30	-	-	121,757	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	Receivables from related parties :	3	-	-	997,671	-
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	The Company	Parent	Receivables from related parties :	1	-	-	125,405	-
The Company	Formosa Plastics Marine Corporation	Other related parties	Other receivables from related parties :	Note	-	-	-	-
The Company	Formosa Steel IB Pty Ltd	Associates	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation Texas	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation U.S.A.	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Plastics (Ningbo) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
China Nantong Huafeng Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-

Note : The turnover rate of other receivables from related parties cannot be calculated.

NAN YA PLASTICS CORPORATION
INFORMATION ON INVESTEEES (EXCLUDING THOSE IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 8

Investor Company	Investee Company	Location	Major Operations	Original Investment Amount		Balance as of December 31, 2023			Net Income of Investee	Investment Income (Loss) Recognized by the Investor Company	Notes
				December 31, 2023	December 31, 2022	Shares (in thousands)	%	Carrying Value			
The Company	Nan Ya Plastics Corporation U.S.A. (Note)	U.S.A.	production of plastic products	313,920	313,920	2	100.00%	3,068,060	188,015	188,015	Note 3
The Company	Nan Ya Plastics Corporation America (Note)	U.S.A.	production of plastic, polyester and chemical products	7,853,605	7,853,605	60	100.00%	44,059,412	(2,365,674)	(2,365,674)	Note 3
The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. (Note 1)	Hong Kong	plastics, electronic products trading, and investment	41,450,832	41,450,832	1,015,653	100.00%	111,150,608	2,000,535	2,000,535	Note 3
The Company	Superior World Wide Trading Co., Ltd. (Note 1)	Hong Kong	plastics trading and investment	33,677	33,677	14	100.00%	969,237	109,724	109,724	Note 3
The Company	Formosa Synthetic Rubber (Hong Kong) Corporation Limited (Note)	Hong Kong	production of synthetic rubber products	4,213,864	4,213,864	138,333	33.33%	1,656,841	(492,586)	(164,195)	Note 3
The Company	PFG Fiber Glass (Hong Kong) Corporation Limited (Note 1)	Hong Kong	investment	4,495,987	4,495,987	76	100.00%	8,101,724	(438,592)	(458,634)	Note 3
The Company	Formosa Industries Corporation (Note 2)	Vietnam	chemical fiber, dyeing and finishing and electric power production of printed circuit board	8,435,875	8,435,875	-	42.50%	5,301,424	(2,565,523)	(1,090,347)	Note 3
The Company	Nan Ya PCB Corporation	Taiwan	production of printed circuit board investment	4,480,417	4,480,417	432,745	66.97%	32,084,852	5,816,589	3,902,676	Note 3
The Company	Formosa Plastics Group Investment Corp.	Taiwan	investment	26,959	26,959	10	100.00%	1,138	(53)	(53)	Note 3
The Company	Nanya Technology Corporation	Taiwan	semiconductor production and marketing	52,438,472	52,438,472	907,304	29.29%	48,883,839	(7,439,634)	(2,178,772)	Note 3
The Company	Formosa Environmental Technology Corporation	Taiwan	environmental protection	672,370	672,370	46,257	26.99%	260,546	12,839	3,465	Note 3
The Company	Formosa Petrochemical Corporation	Taiwan	production of chemical products	24,647,480	24,647,480	2,201,306	23.11%	77,685,690	21,888,842	5,058,135	Note 3
The Company	PFG Fiber Glass Corporation	Taiwan	production of glass fiber	2,648,131	2,648,131	100,000	100.00%	3,271,663	(314,687)	(487,914)	Note 3
The Company	Nan Chung Petrochemical Corporation	Taiwan	production of chemical products	1,000,002	1,000,002	100,000	50.00%	940,083	(276,194)	(137,678)	Note 3
The Company	Wen Fung Industrial Co., Ltd.	Taiwan	production of electronic components	214,236	214,236	17,523	100.00%	253,791	(7,273)	(7,199)	Note 3
The Company	Formosa Automobile Sales Corporation	Taiwan	production of automobile	945,028	945,028	27,046	45.00%	390,880	170,150	76,570	Note 3
The Company	Ya Tai Development Corporation	Taiwan	development industry	53,941	53,941	1,304	44.96%	19,612	(35)	(16)	Note 3
The Company	Formosa Heavy Industries Corporation	Taiwan	machinery industry	2,497,721	2,497,721	661,334	32.91%	6,850,305	(1,846,402)	(607,665)	Note 3
The Company	Formosa Fairway Corporation	Taiwan	transportation business	33,340	33,340	4,699	33.34%	5,573	(41,380)	(13,796)	Note 3
The Company	Formosa Plastics Transport Corporation	Taiwan	transportation business	67,254	67,254	6,566	33.33%	1,278,165	88,989	29,663	Note 3

Investor Company	Investee Company	Location	Major Operations	Original Investment Amount		Balance as of December 31, 2023			Net Income of Investee	Investment Income (Loss) Recognized by the Investor Company	Notes
				December 31, 2023	December 31, 2022	Shares (in thousands)	%	Carrying Value			
The Company	Hwa Ya Technology Park Management Consulting Corporation	Taiwan	service business	359	359	34	34.00%	4,430	388	132	Note 3
The Company	Yi Jih Development Corporation	Taiwan	construction business	13,335	13,335	1,221	29.22%	19,996	(55)	(16)	Note 3
The Company	Mai Liao Power Corporation	Taiwan	electricity generation business	5,985,465	5,985,465	764,193	24.94%	13,804,906	12,446,276	3,104,331	Note 3
The Company	Nan YA Photonics Inc.	Taiwan	LED equipment manufacturer	761,820	761,820	10,609	23.02%	267,198	100,680	23,175	Note 3
The Company	Formosa Resources Corporation	Taiwan	mining industry	9,099,071	8,300,471	909,907	25.00%	7,714,129	(3,064,624)	(766,156)	Note 3
The Company	Formosa Group (Cayman) Limited (Note)	Cayman Islands	investment	377	377	13	25.00%	835,318	274,621	68,655	Note 3
The Company	Formosa Plastics Construction Corporation	Taiwan	construction business	1,100,000	600,000	110,000	33.33%	1,051,647	(23,157)	(7,719)	Note 3
The Company	FG Inc. (Note)	U.S.A.	investment	1,137,655	1,137,655	2	10.00%	1,103,100	(33,835)	(3,383)	Note 3
The Company	Formosa Smart Energy TechCorporation	Taiwan	green batteries	1,750,000	1,000,000	175,000	25.00%	1,733,910	(67,630)	(16,907)	Note 3
Nan Ya Plastics Corporation America (Note)	Formosa Utility Venture, Ltd.(Note)	U.S.A.	electricity generation and trading	245,880	245,880	-	12.10%	2,604,396	579,849	69,380	Note 3
Nan Ya Plastics Corporation America (Note)	Nan Ya Plastics Corporation Texas (Note)	U.S.A.	production of chemical products	15,060,150	15,060,150	3	100.00%	2,738,991	(3,606,229)	(3,606,229)	Note 3
Nan Ya Plastics Corporation Texas (Note)	Formosa Olefins, L.L.C. (Note)	U.S.A.	chemical business	2,113,800	2,113,800	-	21.00%	3,660,195	1,395,112	292,973	Note 3
Nan Ya PCB Corporation	Nan Ya PCB (Hong Kong) Corporation	Hong Kong	production of electronic products and investment	8,595,674	8,595,674	2,152,020	100.00%	23,838,862	2,091,411	2,091,411	Note 3
Nan Ya PCB Corporation	Nan Ya PCB (U.S.A.) Corporation	U.S.A.	retargeting	3,479	3,479	1,000	100.00%	19,640	1,356	1,356	Note 3
Nan Ya PCB Corporation	Formosa Advanced Technologies Co.,LTD.	Taiwan	IC packaging, testing and modules	472,968	472,968	13,267	3.00%	486,857	530,215	16,072	Note 3
Nan Ya PCB (Hong Kong) Corporation	Nan Ya PCB (Kunshan) Corporation	China	production of printed circuit board	8,592,495	8,592,495	-	100.00%	23,824,524	2,091,001	2,091,001	Note 3
Wen Fung Industrial Co., Ltd.	Wellink Technology Corporation	Taiwan	production of electronic components	212,017	212,017	12,739	100.00%	131,280	(8,320)	(8,320)	Note 3
Superior World Wide Trading Co., Ltd. (Note 1)	P.T.Indonesia Nanya Indah Plastics Co.	Indonesia	production of plastic products	124,383	124,383	5	50.00%	274,335	155,330	77,665	Note 3

Note : The reporting currency of Nan Ya Plastics Corporation U.S.A, Nan Ya Plastics Corporation America, Formosa Synthetic Rubber (Hong Kong) Corporation Limited, Formosa Group (Cayman) Limited, FG Inc., Formosa Utility Venture, Ltd., Nan Ya Plastics Corporation Texas, and Formosa Olefins, L.L.C is denominated in USD, and the exchange rate of TWD to USD as of December 31, 2023 (in average) is 30.735(31.178) : 1.

Note 1 : The reporting currency of Nan Ya Plastics (Hong Kong) Co., Ltd., Superior World Wide Trading Co., Ltd. and PFG Fiber Glass (Hong Kong) Corporation Limited is denominated in HKD, and the exchange rate of TWD to HKD as of December 31, 2023 (in average) is 3.9404(3.9972) : 1.

Note 2 : The reporting currency of Formosa Industres Corporation, Vietnam is denominated in VND, and the exchange rate of TWD to VND as of December 31, 2023 (in average) is 0.001267946(0.001307747) : 1.

Note 3 : Investment income of the current period does not include cumulative translation adjustment and capital surplus adjustment.

NAN YA PLASTICS CORPORATION
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 9
(a) Information regarding investments in Mainland China :

Name of the PRC Investee Company	Primary Business Scope	Amount of Paid-in Capital	Method of Investment	Investment Transferred from Taiwan as of January 1, 2023	For The Year Ended December 31, 2023		Investment Transferred from Taiwan as of December 31, 2023	Current Income of Investees	Direct and Indirect Shareholding Percentage by the Company	Investment Gain (Loss)	Carrying Value of Investment as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Nan Ya Plastics (Guangzhou) Co., Ltd.	production of polyester products	1,998,681	Indirect investment	1,998,681	-	-	1,998,681	(44,991)	100.00%	(44,991)	1,774,036	1,208,243
Nan Ya Plastics (Xiamen) Co., Ltd.	production of plastic products	775,457	Indirect investment	738,752	-	-	738,752	110,189	85.00%	93,661	1,010,992	72,820
Nan Ya Plastics (Huizhou) Co., Ltd.	production of polyester products	2,527,462	Indirect investment	2,418,397	-	-	2,418,397	89,848	100.00%	89,848	3,489,173	191,257
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	production of electronic materials, glass fabrics, copper clad	12,208,913	Indirect investment	5,489,509	-	-	5,489,509	501,529	100.00%	501,529	15,522,968	-
Nan Ya Trading (Huizhou) Co., Ltd.	trading	32,267	Indirect investment	32,267	-	-	32,267	395	100.00%	395	59,909	-
Nan Ya Plastics (Nantong) Co., Ltd.	sale of plastic products, steam and electricity	4,540,736	Indirect investment	3,008,918	-	-	3,008,918	65,773	100.00%	65,773	10,309,948	103,612
China Nantong Huafeng Co., Ltd.	trading	93,004	Indirect investment	99,636	-	-	99,636	5,403	100.00%	5,403	354,017	-
Nantong Huafu Plastics Co., Ltd.	trading	79,111	Indirect investment	71,503	-	-	71,503	2,172	100.00%	2,172	101,955	-
Nan Ya Electric (Nantong) Co., Ltd.	production of switch gear and control panel	339,275	Indirect investment	339,275	-	-	339,275	76,506	100.00%	76,506	1,119,091	303,107
Nan Ya Kyowa Plastics (Nantong) Co., Ltd.	interior decorating business	200,988	Indirect investment	100,494	-	-	100,494	(1,015)	50.00%	(508)	220,761	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	production of copper clad laminate, polyester products, steam and electricity, copper clad, epoxy	15,159,216	Indirect investment	15,159,216	-	-	15,159,216	1,541,731	100.00%	1,541,731	55,693,606	8,472,334
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	production of polyester products	7,035,085	Indirect investment	7,035,085	-	-	7,035,085	(562,333)	100.00%	(562,333)	(1,684,940)	-
Nan Ya Plastics (Zhengzhou) Co., Ltd.	production of plastic products	261,737	Indirect investment	130,869	-	-	130,869	6,868	50.00%	3,434	67,336	-
Nan Ya Plastics (Ningbo) Co., Ltd.	production of BPA and plasticizer	4,472,993	Indirect investment	4,273,467	-	-	4,273,467	200,103	100.00%	200,103	13,253,473	-
PFG Fiber Glass (Kunshan) Co., Ltd.	production of glass fiber	4,668,263	Indirect investment	4,487,409	-	-	4,487,409	(439,576)	100.00%	(439,576)	8,247,083	282,300

Name of the PRC Investee Company	Primary Business Scope	Amount of Paid-in Capital	Method of Investment	Investment Transferred from Taiwan as of January 1, 2023	For The Year Ended December 31, 2023		Investment Transferred from Taiwan as of December 31, 2023	Current Income of Investees	Direct and Indirect Shareholding Percentage by the Company	Investment Gain (Loss)	Carrying Value of Investment as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Hua Ya (Dong Ying) Plastics Corp.	production of plastic products	254,190	Indirect investment	34,591	-	-	34,591	-	15.00%	-	481,552	23,020
Hua Ya (Wu Hu) Plastics Corp.	production of plastic products	624,948	Indirect investment	34,591	-	-	34,591	-	15.00%	-	434,305	12,687
Formosa Synthetic Rubber (Ningbo) Limited Corporation	synthetic rubber	12,777,590	Indirect investment	4,162,010	-	-	4,162,010	(492,586)	33.33%	(164,195)	1,656,841	-

Note: All companies disclosed within the investment income of the current year column are recognized according to the audited financial statements of the Company, except for Formosa Synthetic Rubber (Ningbo) Co., Ltd., which are recognized according to the financial statements audited by an international accounting firm.

(b) Quota for investments in Mainland China :

Accumulative Remittance from Taiwan to Mainland China as of December 31, 2023 (Note 1)	Amount of Investment Approved by Investment Commission, Ministry of Economic Affairs (Note 2)	Limit on the Amount of Investment in Mainland China (Note 3)
49,875,128	60,186,974	-

Note 1 : Reporting currency of Chinese subsidiaries is CNY, and the monetary amount is first translated to HKD using the exchange rate as of December 31, 2023 (in average) is 1 : 1.1013(1.1075), and translated to TWD using the exchange rate as of December 31, 2023 (in average) is 1 : 3.9404(3.9972).

Note 2 : It includes the amount of \$3,010,315 from capital increase out of earnings and capital increase out of capital surplus.

Note 3 : The Industrial Development Bureau of the MOEA issued a letter to the Company stating that it qualifies under Section 12 of the Statute for Upgrading Industries.

Note 4 : The accumulative remittance from Taiwan to Mainland China, end of the period includes the amount of Nan Ya Plastics (Anshan) Co., Ltd.

(c) Information on significant transactions :

For more information concerning the direct or indirect significant transactions between the Company and its Chinese investees for the year ended December 31, 2023, please refer to the attachment of note 13 for "Information on material transaction items".

Security Holder	Category and Name of Security	Relationship Between Issuer of Security and the Company which Holds Securities	Account Name	December 31, 2023				Notes
				Number of Shares (in thousands)	Carrying Value	Shareholding Percentage	Market Value or Net Asset Value	
The Company	Taiwan Aerospace Corp.	-	Financial assets valued at FVTOCI – non current	1,070	28,551	0.79%	28,551	
The Company	Guang Yuan Securities Investment Consulting Corporation	-	Financial assets valued at FVTOCI – non current	3,750	31,275	3.91%	31,275	
The Company	Mega Growth Capital Venture	-	Financial assets valued at FVTOCI – non current	1,390	11,045	1.97%	11,045	
The Company	Formosa Ha Tinh (Cayman) Ltd.	-	Financial assets valued at FVTOCI – non current	621,178	6,873,089	11.43%	6,873,089	
Nan Ya PCB Corporation	Formosa Plastics Corporation	Other related parties	Financial assets valued at FVTOCI – non current	2,996	237,283	0.05%	237,283	
Nan Ya Plastics Corporation America	Sutton (Bonds)	-	Financial assets valued at FVTPL – non current	-	466,584	-	466,584	
Nan Ya Plastics Corporation America	American Overseas Reinsurance Co., Ltd. (Preferred Stock)	-	Financial assets valued at FVTPL – non current	-	-	-	-	
Nan Ya Plastics Corporation America	MBIA Insurance Corp. (Preferred Stock)	-	Financial assets valued at FVTPL – non current	-	198,937	-	198,937	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Hua Ya (Dong Ying) Plastics Corp.	-	Financial assets valued at FVTOCI – non current	-	481,552	15.00%	481,552	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Hua Ya (Wu Hu) Plastics Corp.	-	Financial assets valued at FVTOCI – non current	-	434,305	15.00%	434,305	

Note 1 : The Company pledged its shares of Formosa Plastics Corporation of 12,736 thousand common shares amounting to \$1,008,691.

NAN YA PLASTICS CORPORATION
INFORMATION REGARDING INDIVIDUAL SECURITIES ACQUIRED OR DISPOSED OF WITH ACCUMULATED AMOUNT EXCEEDING THE LOWER OF TWD300 MILLION OR 20% OF THE CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 4

Company Name	Category and Name of Security	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Purchases		Sales			Ending Balance	
					Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Price	Carrying Value	Gain/Loss on Disposal	Shares (in thousands)
The Company	Formosa Smart Energy Tech Corporation	Investments accounted for using equity method	Formosa Smart Energy Tech Corporation	Investments accounted for using equity method	100,000	1,000,818	75,000	750,000	-	-	-	175,000	1,733,910 (Note)
The Company	Formosa Resources Corporation	Investments accounted for using equity method	Formosa Resources Corporation	Investments accounted for using equity method	830,047	7,703,818	79,860	798,600	-	-	-	909,907	7,714,129 (Note)
The Company	Formosa Plastics Construction Corporation	Investments accounted for using equity method	Formosa Plastics Construction Corporation	Investments accounted for using equity method	60,000	565,554	50,000	500,000	-	-	-	110,000	1,051,647 (Note)

Note : End of period amount includes investment income and transaction adjustment under equity method and the effect of exchange changes.

NAN YA PLASTICS CORPORATION
INFORMATION REGARDING ACQUISITION OF INDIVIDUAL REAL ESTATE WITH AMOUNT EXCEEDING THE LOWER OF TWD300 MILLION OR 20% OF THE CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 5

Company Name	Name of Property	Transaction Date (Note 1)	Transaction Amount (Note 2)	Status of Payment	Counter-party	Relationship with the Company	Disclosure of Information on Previous Transfer of Equipment is Required for Related Parties who are also the Counter Parties				References for Determining Price	Purpose of Acquisition and Current Condition	Others
							Owner	Relationship with the Company	Date of Transfer	Amount			
Nan Ya Plastics (Ningbo) Co., Ltd.	Construction in progress	2020.7.30	RMB 257,631	RMB 246,396	China MCC20 Group Corporaion Ltd.	Unrelated party	-	-	-	-	Negotiation	Plant expansion	None
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Construction in progress	2023.7.14	RMB 174,809	RMB 26,221	China Construction Seventh Engineering Division, Corp. Ltd.	Unrelated party	-	-	-	-	Negotiation	Plant expansion	None
Nan Ya Plastics Corporation U.S.A.	Construction in progress	2023.12.27	USD 49,200	USD 49,200	DRI/JS Northeast Crossing, LLC	Unrelated party	-	-	-	-	Negotiation	Plant expansion	None

Note 1 : Transaction date refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

Note 2 : Contract amount.

NAN YA PLASTICS CORPORATION
INFORMATION REGARDING RELATED-PARTY TRANSACTIONS FOR PURCHASES AND SALES WITH AMOUNTS EXCEEDING THE LOWER OF TWD 100 MILLION OR 20% OF THE CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 6

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Notes
			Purchases / (Sales)	Amount	% to total purchase/sales	Credit Period	Unit Price	Payment Term	Ending Balance	% to Total	
The Company	Fomosa Plastics Corporation	Other related parties	(Sales)	(1,660,248)	(1.37)%	30 days	-	-	126,412	0.85%	
The Company	Fomosa Chemicals and Fiber Corporation	Other related parties	(Sales)	(5,736,720)	(4.74)%	30 days	-	-	452,435	3.05%	
The Company	Nan Ya PCB Corporation	Subsidiaries	(Sales)	(1,798,481)	(1.49)%	30 days	-	-	127,591	0.86%	
The Company	Fomosa Petrochemical Corporation	Associates	(Sales)	(1,527,768)	(1.26)%	30 days	-	-	187,616	1.27%	
The Company	Nanya Technology Corporation	Associates	(Sales)	(211,365)	(0.17)%	30 days	-	-	17,825	0.12%	
The Company	Fomosa Taifeta Co., Ltd.	Other related parties	(Sales)	(478,134)	(0.40)%	30 days	-	-	37,275	0.25%	
The Company	Fomosa Industries (Ningbo) Co., Ltd.	Other related parties	(Sales)	(173,756)	(0.14)%	O/A150 days	-	-	-	-	
The Company	Fomosa Industries (Ningbo) Co., Ltd.	Subsidiaries	(Sales)	(885,565)	(0.73)%	O/A105 days	-	-	589,435	3.98%	
The Company	Nan Ya Plastics Corporation U.S.A.	Subsidiaries	(Sales)	(757,215)	(0.63)%	O/A105 days	-	-	181,332	1.22%	
The Company	Nan Ya Plastics Corporation America	Subsidiaries	(Sales)	(2,384,036)	(1.97)%	O/A180 days	-	-	632,055	4.26%	
The Company	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	(Sales)	(353,573)	(0.29)%	O/A150 days	-	-	96,797	0.65%	
The Company	Nan Ya Plastics (Nantong) Co., Ltd.	Subsidiaries	(Sales)	(1,793,057)	(1.48)%	O/A150 days	-	-	416,163	2.81%	
The Company	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(616,586)	(0.51)%	O/A150 days	-	-	119,677	0.81%	
The Company	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(159,847)	(0.13)%	O/A150 days	-	-	70,564	0.48%	
The Company	Nan Ya Plastics (Ningbo) Co., Ltd.	Subsidiaries	(Sales)	(1,205,991)	(1.00)%	O/A150 days	-	-	95,100	0.64%	
The Company	Nan Chung Petrochemical Corporation	Subsidiaries	(Sales)	(261,368)	(0.22)%	30 days	-	-	-	-	
The Company	Nan Ya Plastics (Guangzhou) Co., Ltd.	Subsidiaries	(Sales)	(101,675)	(0.08)%	O/A150 days	-	-	16,228	0.11%	
The Company	Fomosa Plastics Corporation	Other related parties	Purchases	9,496,629	11.75%	30 days	-	-	(769,831)	(8.14)%	
The Company	Fomosa Chemicals and Fiber Corporation	Other related parties	Purchases	24,008,251	29.71%	30 days	-	-	(1,920,188)	(20.30)%	
The Company	Fomosa Petrochemical Corporation	Associates	Purchases	16,673,343	20.64%	30 days	-	-	(998,957)	(10.56)%	
The Company	PPG Fiber Glass Corporation	Subsidiaries	Purchases	1,990,129	2.46%	30 days	-	-	(176,375)	(1.87)%	
The Company	Nan Chung Petrochemical Corporation	Subsidiaries	Purchases	878,217	1.09%	30 days	-	-	-	-	
The Company	Fomosa Ineos Chemicals Corporation	Other related parties	Purchases	139,128	0.17%	30 days	-	-	(22,199)	(0.23)%	
The Company	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Purchases	514,249	0.64%	O/A150 days	-	-	(57,375)	(0.61)%	
The Company	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	Purchases	625,907	0.77%	O/A150 days	-	-	(125,405)	(1.33)%	
The Company	The Company	Parent	Purchases	1,798,481	18.45%	30 days	-	-	(127,590)	(6.85)%	
Nan Ya PCB Corporation	Nan Ya PCB (Kunshan) Corporation	Subsidiaries	Purchases	3,985,733	40.88%	30 days	-	-	(317,600)	(14.56)%	
Nan Ya PCB Corporation	Fomosa Advanced Technologies Co., Ltd.	Associates	(Sales)	(175,676)	(0.60)%	70 days	-	-	10,705	0.22%	
Nan Ya PCB (Kunshan) Corporation	Nan Ya PCB Corporation	Subsidiaries	(Sales)	(3,985,733)	(23.76)%	30 days	-	-	317,600	13.17%	
Nan Ya PCB (Kunshan) Corporation	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Purchases	714,255	9.71%	60 days	-	-	(47,725)	(3.98)%	
Nan Ya PCB (Kunshan) Corporation	Fomosa Advanced Technologies Co., Ltd.	Associates	(Sales)	(373,924)	(2.23)%	70 days	-	-	36,931	1.53%	
Nan Ya PCB (Kunshan) Corporation	Wellink Technology Corporation	Same chairman	Purchases	120,516	1.64%	60 days	-	-	(20,682)	(1.72)%	
Nan Chung Petrochemical Corporation	The Company	Parent	(Sales)	(878,217)	(52.99)%	30 days	-	-	-	-	
Nan Chung Petrochemical Corporation	China Man-made Fiber Corporation	Other related parties	(Sales)	(778,593)	(46.98)%	15th day of next month	-	-	-	-	
Nan Chung Petrochemical Corporation	Fomosa Petrochemical Corporation	Associates	Purchases	1,071,873	53.68%	15th day of next month	-	-	-	-	
Nan Chung Petrochemical Corporation	The Company	Parent	Purchases	261,368	13.09%	30 days	-	-	-	-	
Nan Ya PCB (Kunshan) Corporation	Nan Ya PCB (Kunshan) Corporation	Subsidiaries	(Sales)	(120,516)	(78.08)%	O/A150 days	-	-	20,683	80.44%	
Wellink Technology Corporation	The Company	Parent	(Sales)	(1,990,129)	(72.68)%	30 days	-	-	176,375	82.05%	
PPG Fiber Glass Corporation	Fomosa Chemicals and Fiber Corporation	Other related parties	Purchases	352,151	38.63%	30 days	-	-	(24,489)	(15.49)%	
Nan Ya Plastics Corporation U.S.A.	Fomosa Plastics Corporation U.S.A.	Other related parties	Purchases	655,076	22.68%	payment within one month	-	-	(57,890)	(7.95)%	
Nan Ya Plastics Corporation America	The Company	Parent	Purchases	885,565	30.66%	O/A105 days	-	-	(589,435)	(80.95)%	
Nan Ya Plastics Corporation America	Fomosa Plastics Corporation U.S.A.	Other related parties	(Sales)	(405,608)	(1.43)%	payment within one month	-	-	-	-	
Nan Ya Plastics Corporation America	Fomosa Plastics Corporation U.S.A.	Other related parties	Purchases	110,109	0.47%	payment within one month	-	-	(8,792)	(1.00)%	
Nan Ya Plastics Corporation America	The Company	Parent	Purchases	757,215	3.24%	O/A105 days	-	-	(181,332)	(20.59)%	
Nan Ya Plastics Corporation Texas	Fomosa Plastics Corporation U.S.A.	Other related parties	(Sales)	(163,390)	(2.46)%	payment within one month	-	-	-	-	

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Notes
			Purchases / (Sales)	Amount	% to total purchase/sales	Credit Period	Unit Price	Payment Term	Ending Balance	% to Total	
PPG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(1,861,117)	(62.11)%	60 days	-	-	159,440	41.13%	
PPG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	(Sales)	(432,119)	(14.42)%	60 days	-	-	159,412	41.12%	
PPG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Purchases	149,512	8.96%	60 days	-	-	(12,370)	(5.94)%	
Nan Ya Plastics (Xiamen) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	Purchases	159,302	17.27%	60 days	-	-	(15,579)	(23.07)%	
Nan Ya Plastics (Guangzhou) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	Purchases	406,124	27.06%	60 days	-	-	(37,846)	(31.51)%	
Nan Ya Plastics (Guangzhou) Co., Ltd.	The Company	Parent	Purchases	101,675	6.77%	O/A150 days	-	-	(16,228)	(13.51)%	
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	The Company	Parent	Purchases	2,384,036	25.06%	O/A180 days	-	-	(632,055)	(23.47)%	
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	PPG Fiber Glass (Kunshan) Co., Ltd.	Subsidiaries	Purchases	432,119	4.54%	60 days	-	-	(159,412)	(5.92)%	
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Purchases	5,355,863	56.29%	180 days	-	-	(1,806,716)	(67.08)%	
Nan Ya Plastics (Nantong) Co., Ltd.	The Company	Parent	Purchases	353,573	9.96%	O/A150 days	-	-	(96,797)	(23.96)%	
Nan Ya Plastics (Nantong) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	Purchases	796,246	22.44%	60 days	-	-	(76,127)	(18.44)%	
Nan Ya Plastics (Nantong) Co., Ltd.	Nanya Kyowa Plastics (Nantong) Co., Ltd.	Joint ventures	(Sales)	(168,801)	(3.37)%	60 days	-	-	32,878	2.04%	
Nan Ya Electric (Nantong) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other related parties	(Sales)	(125,860)	(16.18)%	60 days	-	-	23,921	15.03%	
Nan Ya Plastics (Ningbo) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(4,071,573)	(35.83)%	60 days	-	-	121,757	28.54%	
Nan Ya Plastics (Ningbo) Co., Ltd.	Formosa Chemicals and Fiber (Ningbo) Corporation	Other related parties	Purchases	7,154,361	69.63%	60 days	-	-	(910,684)	(80.97)%	
Nan Ya Plastics (Ningbo) Co., Ltd.	The Company	Parent	Purchases	1,205,991	11.74%	O/A150 days	-	-	(95,100)	(8.46)%	
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	The Company	Parent	(Sales)	(514,249)	(1.24)%	O/A150 days	-	-	57,375	0.55%	
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	(Sales)	(5,355,863)	(12.91)%	180 days	-	-	1,806,716	17.39%	
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya PCB (Kunshan) Corporation	Same chairman	(Sales)	(714,255)	(1.72)%	60 days	-	-	47,725	0.46%	
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PPG Fiber Glass (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(149,512)	(0.36)%	60 days	-	-	12,370	0.12%	
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(362,179)	(0.87)%	60 days	-	-	33,186	0.32%	
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	The Company	Parent	Purchases	1,793,057	5.12%	O/A150 days	-	-	(416,163)	(20.09)%	
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PPG Fiber Glass (Kunshan) Co., Ltd.	Subsidiaries	Purchases	1,861,117	5.31%	60 days	-	-	(159,440)	(7.70)%	
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd.	Subsidiaries	Purchases	4,071,573	11.63%	60 days	-	-	(121,757)	(5.88)%	
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	The Company	Parent	Purchases	159,847	9.42%	O/A150 days	-	-	(70,564)	(43.05)%	
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Purchases	362,179	21.35%	60 days	-	-	(33,186)	(20.24)%	
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	The Company	Parent	(Sales)	(625,907)	(25.23)%	O/A150 days	-	-	125,405	51.44%	

NAN YA PLASTICS CORPORATION
INFORMATION REGARDING RECEIVABLES FROM RELATED-PARTIES WITH AMOUNTS EXCEEDING THE LOWER OF TWD100 MILLION OR 20% OF THE CAPITAL STOCK
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 7

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Periods	Allowance for Bad Debts
					Amount	Action Taken		
The Company	Formosa Plastics Corporation	Other related parties	Receivables from related parties :	15.71	-	-	126,412	-
The Company	Formosa Chemicals and Fiber Corporation	Other related parties	Receivables from related parties :	12.57	-	-	438,766	-
The Company	Nan Ya PCB Corporation	Subsidiaries	Receivables from related parties :	10.67	-	-	127,157	-
The Company	Formosa Petrochemical Corporation	Associates	Receivables from related parties :	7.54	-	-	161,824	-
The Company	Nan Ya Plastics Corporation U.S.A.	Subsidiaries	Receivables from related parties :	1.69	-	-	-	-
The Company	Nan Ya Plastics Corporation America	Subsidiaries	Receivables from related parties :	6.42	-	-	88,537	-
The Company	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	Receivables from related parties :	3.84	-	-	232,041	-
The Company	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Receivables from related parties :	4.30	-	-	110,006	-
The Company	Formosa Industries Corporation	Associates	Receivables from related parties :	5.45	-	-	65,995	-
Nan Ya PCB (Kunshan) Corporation	Nan Ya PCB Corporation	Subsidiaries	Receivables from related parties :	12	-	-	317,600	-
PFG Fiber Glass Corporation	The Company	Parent	Receivables from related parties :	12	-	-	176,375	-
PFG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Receivables from related parties :	10	-	-	159,440	-
PFG Fiber Glass (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	Receivables from related parties :	3	-	-	92,993	-
Nan Ya Plastics (Ningbo) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Receivables from related parties :	30	-	-	121,757	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	Receivables from related parties :	3	-	-	997,671	-
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	The Company	Parent	Receivables from related parties :	1	-	-	125,405	-
The Company	Formosa Plastics Marine Corporation	Other related parties	Other receivables from related parties :	Note	-	-	-	-
The Company	Formosa Steel IB Pty Ltd	Associates	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation Texas	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation U.S.A.	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Plastics (Ningbo) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-
China Nantong Huafeng Co., Ltd.	Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Subsidiaries	Other receivables from related parties :	Note	-	-	-	-

Note : The turnover rate of other receivables from related parties cannot be calculated.

NAN YA PLASTICS CORPORATION
INFORMATION ON INVESTEES (EXCLUDING THOSE IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 8

Investor Company	Investee Company	Location	Major Operations	Original Investment Amount		Balance as of December 31, 2023			Net Income of Investee	Investment Income (Loss) Recognized by the Investor Company	Notes
				December 31, 2023	December 31, 2022	Shares (in thousands)	%	Carrying Value			
The Company	Nan Ya Plastics Corporation U.S.A. (Note)	U.S.A.	production of plastic products	313,920	313,920	2	100.00%	3,068,060	188,015	188,015	Note 3
The Company	Nan Ya Plastics Corporation America (Note)	U.S.A.	production of plastic, polyester and chemical products	7,853,605	7,853,605	60	100.00%	44,059,412	(2,365,674)	(2,365,674)	Note 3
The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. (Note 1)	Hong Kong	plastics, electronic products trading, and investment	41,450,832	41,450,832	1,015,653	100.00%	111,150,608	2,000,535	2,000,535	Note 3
The Company	Superior World Wide Trading Co., Ltd. (Note 1)	Hong Kong	plastics trading and investment	33,677	33,677	14	100.00%	969,237	109,724	109,724	Note 3
The Company	Formosa Synthetic Rubber (Hong Kong) Corporation Limited (Note)	Hong Kong	production of synthetic rubber products	4,213,864	4,213,864	138,333	33.33%	1,656,841	(492,586)	(164,195)	Note 3
The Company	PFG Fiber Glass (Hong Kong) Corporation Limited (Note 1)	Hong Kong	investment	4,495,987	4,495,987	76	100.00%	8,101,724	(438,592)	(458,634)	Note 3
The Company	Formosa Industries Corporation (Note 2)	Vietnam	chemical fiber, dyeing and finishing and electric power production of printed circuit board	8,435,875	8,435,875	-	42.50%	5,301,424	(2,565,523)	(1,090,347)	Note 3
The Company	Nan Ya PCB Corporation	Taiwan	production of printed circuit board	4,480,417	4,480,417	432,745	66.97%	32,084,852	5,816,589	3,902,676	Note 3
The Company	Formosa Plastics Group Investment Corp.	Taiwan	investment	26,959	26,959	10	100.00%	1,138	(53)	(53)	Note 3
The Company	Nanya Technology Corporation	Taiwan	semiconductor production and marketing	52,438,472	52,438,472	907,304	29.29%	48,883,839	(7,439,634)	(2,178,772)	Note 3
The Company	Formosa Environmental Technology Corporation	Taiwan	environmental protection	672,370	672,370	46,257	26.99%	260,546	12,839	3,465	Note 3
The Company	Formosa Petrochemical Corporation	Taiwan	production of chemical products	24,647,480	24,647,480	2,201,306	23.11%	77,685,690	21,888,842	5,058,135	Note 3
The Company	PFG Fiber Glass Corporation	Taiwan	production of glass fiber	2,648,131	2,648,131	100,000	100.00%	3,271,663	(314,687)	(487,914)	Note 3
The Company	Nan Chung Petrochemical Corporation	Taiwan	production of chemical products	1,000,002	1,000,002	100,000	50.00%	940,083	(276,194)	(137,678)	Note 3
The Company	Wen Fung Industrial Co., Ltd.	Taiwan	production of electronic components	214,236	214,236	17,523	100.00%	253,791	(7,273)	(7,199)	Note 3
The Company	Formosa Automobile Sales Corporation	Taiwan	production of automobile	945,028	945,028	27,046	45.00%	390,880	170,150	76,570	Note 3
The Company	Ya Tai Development Corporation	Taiwan	development industry	53,941	53,941	1,304	44.96%	19,612	(35)	(16)	Note 3
The Company	Formosa Heavy Industries Corporation	Taiwan	machinery industry	2,497,721	2,497,721	661,334	32.91%	6,850,305	(1,846,402)	(607,665)	Note 3
The Company	Formosa Fairway Corporation	Taiwan	transportation business	33,340	33,340	4,699	33.34%	5,573	(41,380)	(13,796)	Note 3
The Company	Formosa Plastics Transport Corporation	Taiwan	transportation business	67,254	67,254	6,566	33.33%	1,278,165	88,989	29,663	Note 3

Investor Company	Investee Company	Location	Major Operations	Original Investment Amount		Balance as of December 31, 2023			Net Income of Investee	Investment Income (Loss) Recognized by the Investor Company	Notes
				December 31, 2023	December 31, 2022	Shares (in thousands)	%	Carrying Value			
The Company	Hwa Ya Technology Park Management Consulting Corporation	Taiwan	service business	359	359	34	34.00%	4,430	388	132	Note 3
The Company	Yi Jih Development Corporation	Taiwan	construction business	13,335	13,335	1,221	29.22%	19,996	(55)	(16)	Note 3
The Company	Mai Liao Power Corporation	Taiwan	electricity generation business	5,985,465	5,985,465	764,193	24.94%	13,804,906	12,446,276	3,104,331	Note 3
The Company	Nan YA Photonics Inc.	Taiwan	LED equipment manufacturer	761,820	761,820	10,609	23.02%	267,198	100,680	23,175	Note 3
The Company	Formosa Resources Corporation	Taiwan	mining industry	9,099,071	8,300,471	909,907	25.00%	7,714,129	(3,064,624)	(766,156)	Note 3
The Company	Formosa Group (Cayman) Limited (Note)	Cayman Islands	investment	377	377	13	25.00%	835,318	274,621	68,655	Note 3
The Company	Formosa Plastics Construction Corporation	Taiwan	construction business	1,100,000	600,000	110,000	33.33%	1,051,647	(23,157)	(7,719)	Note 3
The Company	FG Inc. (Note)	U.S.A.	investment	1,137,655	1,137,655	2	10.00%	1,103,100	(33,835)	(3,383)	Note 3
The Company	Formosa Smart Energy TechCorporation	Taiwan	green batteries	1,750,000	1,000,000	175,000	25.00%	1,733,910	(67,630)	(16,907)	Note 3
Nan Ya Plastics Corporation America (Note)	Formosa Utility Venture, Ltd. (Note)	U.S.A.	electricity generation and trading	245,880	245,880	-	12.10%	2,604,396	579,849	69,380	Note 3
Nan Ya Plastics Corporation America (Note)	Nan Ya Plastics Corporation Texas (Note)	U.S.A.	production of chemical products	15,060,150	15,060,150	3	100.00%	2,738,991	(3,606,229)	(3,606,229)	Note 3
Nan Ya Plastics Corporation Texas (Note)	Formosa Olefins, L.L.C. (Note)	U.S.A.	chemical business	2,113,800	2,113,800	-	21.00%	3,660,195	1,395,112	292,973	Note 3
Nan Ya PCB Corporation	Nan Ya PCB (Hong Kong) Corporation	Hong Kong	production of electronic products and investment	8,595,674	8,595,674	2,152,020	100.00%	23,838,862	2,091,411	2,091,411	Note 3
Nan Ya PCB Corporation	Nan Ya PCB (U.S.A.) Corporation	U.S.A.	retargeting	3,479	3,479	1,000	100.00%	19,640	1,356	1,356	Note 3
Nan Ya PCB Corporation	Formosa Advanced Technologies Co.,LTD.	Taiwan	IC packaging, testing and modules	472,968	472,968	13,267	3.00%	486,857	530,215	16,072	Note 3
Nan Ya PCB (Hong Kong) Corporation	Nan Ya PCB (Kunshan) Corporation	China	production of printed circuit board	8,592,495	8,592,495	-	100.00%	23,824,524	2,091,001	2,091,001	Note 3
Wen Fung Industrial Co., Ltd.	Wellink Technology Corporation	Taiwan	production of electronic components	212,017	212,017	12,739	100.00%	131,280	(8,320)	(8,320)	Note 3
Superior World Wide Trading Co., Ltd. (Note 1)	P.T.Indonesia Nanya Indah Plastics Co.	Indonesia	production of plastic products	124,383	124,383	5	50.00%	274,335	155,330	77,665	Note 3

Note : The reporting currency of Nan Ya Plastics Corporation U.S.A, Nan Ya Plastics Corporation America, Formosa Synthetic Rubber (Hong Kong) Corporation Limited, Formosa Group (Cayman) Limited, FG Inc., Formosa Utility Venture, Ltd., Nan Ya Plastics Corporation Texas, and Formosa Olefins, L.L.C is denominated in USD, and the exchange rate of TWD to USD as of December 31, 2023 (in average) is 30.735(31.178) : 1.

Note 1 : The reporting currency of Nan Ya Plastics (Hong Kong) Co., Ltd., Superior World Wide Trading Co., Ltd. and PFG Fiber Glass (Hong Kong) Corporation Limited is denominated in HKD, and the exchange rate of TWD to HKD as of December 31, 2023 (in average) is 3.9404(3.9972) : 1.

Note 2 : The reporting currency of Formosa Industres Corporation, Vietnam is denominated in VND, and the exchange rate of TWD to VND as of December 31, 2023 (in average) is 0.001267946(0.001307747) : 1.

Note 3 : Investment income of the current period does not include cumulative translation adjustment and capital surplus adjustment.

NAN YA PLASTICS CORPORATION
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan Dollars)

TABLE 9
(a) Information regarding investments in Mainland China :

Name of the PRC Investee Company	Primary Business Scope	Amount of Paid-in Capital	Method of Investment	Investment Transferred from Taiwan as of January 1, 2023	For The Year Ended December 31, 2023		Investment Transferred from Taiwan as of December 31, 2023	Current Income of Investees	Direct and Indirect Shareholding Percentage by the Company	Investment Gain (Loss)	Carrying Value of Investment as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Nan Ya Plastics (Guangzhou) Co., Ltd.	production of polyester products	1,998,681	Indirect investment	1,998,681	-	-	1,998,681	(44,991)	100.00%	(44,991)	1,774,036	1,208,243
Nan Ya Plastics (Xiamen) Co., Ltd.	production of plastic products	775,457	Indirect investment	738,752	-	-	738,752	110,189	85.00%	93,661	1,010,992	72,820
Nan Ya Plastics (Huizhou) Co., Ltd.	production of polyester products	2,527,462	Indirect investment	2,418,397	-	-	2,418,397	89,848	100.00%	89,848	3,489,173	191,257
Nan Ya Electronic Materials (Huizhou) Co., Ltd.	production of electronic materials, glass fabrics, copper clad	12,208,913	Indirect investment	5,489,509	-	-	5,489,509	501,529	100.00%	501,529	15,522,968	-
Nan Ya Trading (Huizhou) Co., Ltd.	trading	32,267	Indirect investment	32,267	-	-	32,267	395	100.00%	395	59,909	-
Nan Ya Plastics (Nantong) Co., Ltd.	sale of plastic products, steam and electricity	4,540,736	Indirect investment	3,008,918	-	-	3,008,918	65,773	100.00%	65,773	10,309,948	103,612
China Nantong Huafeng Co., Ltd.	trading	93,004	Indirect investment	99,636	-	-	99,636	5,403	100.00%	5,403	354,017	-
Nantong Huafu Plastics Co., Ltd.	trading	79,111	Indirect investment	71,503	-	-	71,503	2,172	100.00%	2,172	101,955	-
Nan Ya Electric (Nantong) Co., Ltd.	production of switch gear and control panel	339,275	Indirect investment	339,275	-	-	339,275	76,506	100.00%	76,506	1,119,091	303,107
Nan Ya Kyowa Plastics (Nantong) Co., Ltd.	interior decorating business	200,988	Indirect investment	100,494	-	-	100,494	(1,015)	50.00%	(508)	220,761	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	production of copper clad laminate, polyester products, steam and electricity, copper clad, epoxy	15,159,216	Indirect investment	15,159,216	-	-	15,159,216	1,541,731	100.00%	1,541,731	55,693,606	8,472,334
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	production of polyester products	7,035,085	Indirect investment	7,035,085	-	-	7,035,085	(562,333)	100.00%	(562,333)	(1,684,940)	-
Nan Ya Plastics (Zhengzhou) Co., Ltd.	production of plastic products	261,737	Indirect investment	130,869	-	-	130,869	6,868	50.00%	3,434	67,336	-
Nan Ya Plastics (Ningbo) Co., Ltd.	production of BPA and plasticizer	4,472,993	Indirect investment	4,273,467	-	-	4,273,467	200,103	100.00%	200,103	13,253,473	-
PFG Fiber Glass (Kunshan) Co., Ltd.	production of glass fiber	4,668,263	Indirect investment	4,487,409	-	-	4,487,409	(439,576)	100.00%	(439,576)	8,247,083	282,300

Name of the PRC Investee Company	Primary Business Scope	Amount of Paid-in Capital	Method of Investment	Investment Transferred from Taiwan as of January 1, 2023	For The Year Ended December 31, 2023		Investment Transferred from Taiwan as of December 31, 2023	Current Income of Investees	Direct and Indirect Shareholding Percentage by the Company	Investment Gain (Loss)	Carrying Value of Investment as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Hua Ya (Dong Ying) Plastics Corp.	production of plastic products	254,190	Indirect investment	34,591	-	-	34,591	-	15.00%	-	481,552	23,020
Hua Ya (Wu Hu) Plastics Corp.	production of plastic products	624,948	Indirect investment	34,591	-	-	34,591	-	15.00%	-	434,305	12,687
Formosa Synthetic Rubber (Ningbo) Limited Corporation	synthetic rubber	12,777,590	Indirect investment	4,162,010	-	-	4,162,010	(492,586)	33.33%	(164,195)	1,656,841	-

Note: All companies disclosed within the investment income of the current year column are recognized according to the audited financial statements of the Company, except for Formosa Synthetic Rubber (Ningbo) Co., Ltd., which are recognized according to the financial statements audited by an international accounting firm.

(b) Quota for investments in Mainland China :

Accumulative Remittance from Taiwan to Mainland China as of December 31, 2023 (Note 1)	Amount of Investment Approved by Investment Commission, Ministry of Economic Affairs (Note 2)	Limit on the Amount of Investment in Mainland China (Note 3)
49,875,128	60,186,974	-

Note 1 : Reporting currency of Chinese subsidiaries is CNY, and the monetary amount is first translated to HKD using the exchange rate as of December 31, 2023 (in average) is 1 : 1.1013(1.1075), and translated to TWD using the exchange rate as of December 31, 2023 (in average) is 1 : 3.9404(3.9972).

Note 2 : It includes the amount of \$3,010,315 from capital increase out of earnings and capital increase out of capital surplus.

Note 3 : The Industrial Development Bureau of the MOEA issued a letter to the Company stating that it qualifies under Section 12 of the Statute for Upgrading Industries.

Note 4 : The accumulative remittance from Taiwan to Mainland China, end of the period includes the amount of Nan Ya Plastics (Anshan) Co., Ltd.

(c) Information on significant transactions :

For more information concerning the direct or indirect significant transactions between the Company and its Chinese investees for the year ended December 31, 2023, please refer to the attachment of note 13 for "Information on material transaction items".