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NAN YA PLASTICS CORPORATION
2020 ANNUAL SHAREHOLDERS' MEETING PROCEDURE

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NAN YA PLASTICS CORPORATION
2020 ANNUAL SHAREHOLDERS' MEETING
AGENDA

Time: 10:00 a.m., Friday June 12, 2020

Venue: 2F, International Ballroom, Sunworld Dynasty Hotel
(No. 100 Dun Hua North Road, Taipei, Taiwan)

1. Report Items
   (1) Business Report of 2019
   (2) Audit Committee' Review Report on the 2019 Financial Statements
   (3) Distribution of 2019 Employees Compensation
   (4) Issue of 2019 Domestic Unsecured Ordinary Corporate Bonds
2. Ratification Items
   (1) Please approve the 2019 Business Report and Financial Statements as required by the Company Act.
   (2) Please approve the Proposal for Distribution of 2019 Profits as required by the Company Act.
3. Discussion Items
   Amendment to the Rules of Procedure for Shareholders' Meetings of the company submitted for discussion.

Report Items

1. About the Company's business operation condition of 2019, please refer to Business Report for further details (on page 5 of the Handbook.) which is hereby reported for record.

2. The Company's Audit Committee members reviewed the 2019 Business Report and Financial Statements and issued their Review Report according to the applicable laws. Please refer to Audit Committee's Review Report (on page 11 of the Handbook.)

3. The company has issued the report on compensation distributed to its employees for 2019.
   The pre-tax profit prior to deducting employees' compensation distributable for 2019 is NT$24,588,044,716. The company has no accumulated losses. Adopted by the Board Meeting on March 18, 2020, 0.1% of the profit is allocated as employees' compensation in accordance with Article 25 of the Articles of Incorporation. The total allocated amount is NT$24,588,045 which shall be distributed in cash. The above is hereby reported for record.

4. Issue of NT$11.4 Billion Domestic Unsecured Ordinary Corporate Bonds in 2019

   To raise long-term funds to build and expand current plant, to replace current plant and equipment, to pay off loans, to fund the working capital, and to invest in domestic or overseas business, the Board of Directors resolved on Mar. 20, 2019 to issue domestic unsecured ordinary corporate bonds of NT$12 Billion in 2019. To consider the market interest rate and the actual need, the Company only issued the bonds of NT$11.4 Billion, which was reported to the Board of Directors on Nov. 8, 2019. The rest of unissued bonds of NT$0.6 Billion was not applied for Taipei Exchange.

Corporate Bond Type	1st domestic unsecured corporate bond for 2019	2st domestic unsecured corporate bond for 2019
Total price	Tranche A: NT$ 1,700,000,000 Tranche B: NT$ 2,800,000,000 Tranche C: NT$ 1,800,000,000	Tranche A: NT$ 1,900,000,000 Tranche B: NT$ 2,500,000,000 Tranche C: NT$ 700,000,000
Issue date	2019.06.17	2019.10.15
Coupon rate	Tranche A: 0.74% p.a. Tranche B: 0.82% p.a. Tranche C: 0.91% p.a.	Tranche A: 0.71% p.a. Tranche B: 0.75% p.a. Tranche C: 0.84% p.a.
Tenor	Tranche A: 5 years Tranche B: 7 years Tranche C: 10 years	Tranche A: 5 years Tranche B: 7 years Tranche C: 10 years
Coupon Frequency	Annual. Interest shall be paid as simple interest rate.	Annual. Interest shall be paid as simple interest rate.
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	The Company will redeem 50% of the principal at one year before maturity and redeem the rest 50% at maturity for each tenor

The above is hereby reported for record.

NAN YA PLASTICS CORPORATION

1.2019 Business Report

In 2019, Nan Ya Plastics Corp. (NPC) recorded a consolidated revenue of NT$ 286.30 billion, 14.0% lower than NT$ 333.06 billion in 2018; and a consolidated pre-tax income of NT$ 26.69 billion, a reduction of 56.6% compared to NT$ 61.53 billion in 2018.

In 2019, NPC faced fierce industry competition, with continued increase in competitors' capacity and market supply, and the trade war had also created negative impact in the world's economy. The market adopted a strong wait-and-see attitude, and the overall performance reflected a difficult operating environment.

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

With regard to plastic products, NPC has accelerated the research and development of new applications, new materials, and products that meet environmental protection trend and have unique specification, and increased the proportion of production and sales of differentiated and high-value products. NPC continues to transform and deploys automated monitoring equipment to ensure quality stability of production process, and together with e-commerce and online marketing, it has expanded into high-end markets such as the U.S. and Japan as well as potential emerging markets. With market expansion, sales increase, capacity utilization increase, cost reduction, the advantages of distributing production domestically and overseas in Taiwan, China, the U.S. ,and Vietnam, and timely adjustment of plants' production and sales, NPC strives to provide customers with satisfied services. The efforts of NPC have enabled plastic processing products to provide stable profitability.

In terms of petrochemical products, in line with vertical integration and division of labor in 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 with upstream and downstream industries, thereby forming a complete supply chain, which supports the development of downstream industries such as polyester, electronics, and plastic processing, respectively.

With a slow global economic growth and negative impact of the trade war, the market demand decreased in 2019. With the increasing petrochemical capacity by China, price generally declined, with the prices of main products, BPA and EG, dropped by 30% compared to 2018, resulting in significant decrease in profit. In the future, NPC will respond to the change in raw materials and product prices, flexibly adjust its capacity, continue to drive process optimization, and improve its sales in areas outside China, so as to increase revenue and profit.

In terms of polyester products, China-U.S. trade war and increase in crude oil price have made market competition more intense in 2019. The continued fall in price, and serious price-slashing situation by competitors resulted in sales not meeting expectation and a drop in profit.

NPC will continue to actively research and develop, monitor and control product quality stability, promote environmental protection, PET bottles recycling, biodegradability and green energy, and explore new application areas for products, so as to differentiate the market and expand scope of sales. NPC will enhance customer recognition so as to continue to increase sales and maintain stable profitability.

For electronic materials, with the ongoing development of various electronic product application devices since the fourth quarter of 2016, the active promotion of new energy vehicle in the world and construction of related infrastructure such as charging pile, the demand of electronic materials significantly increases, attracting companies to expand their investments, and resulting in increase in capacity. In addition, with China and the U.S. imposing higher tariffs on each other, decrease in home appliance orders, and increase in uncertainties of electronic product market, customers reduce their inventory and respond to urgent orders, and are more conservative in their placing of orders. However, due to the advance deployment of 5G communications infrastructure, mid and high-end materials demand increased, and 2019 overall revenue is only slightly lower than 2018.

The 5G infrastructure and the Internet will continue to develop in the future. With the related applications, it will drive the demand of electronic materials and upstream raw materials. NPC will actively promote differentiated products, increase sales proportion of mid and high-end materials for high-value-added and high-functionality niche products, to cater to the trend of market development. Also, it will make use of the advantages of complete upstream and downstream vertical integration, to flexibly adjust the capacities in Taiwan and China, driving the increase in revenue and profit.

Nan Ya Printed Circuit Board Corp., which is invested by NPC, has long been focusing on the development and production of circuit boards and IC package substrates. Optimistic with the demand of 5G infrastructure, it has taken advanced move in the development of related products. The sales of high layer and large dimension substrate for the related applications were strong in 2019. In addition, the demand for high-valued products such as System-in-Package for wearable device applications, and interposer for high-end mobile device was promising during the second half of the year, driving increase in profit, and hence successfully turned loss into profit. In response to future development trend of semi-conductor, it actively strengthens its research and development capabilities, recruits more research and development talents, speeds up the development of new products, and expands IC substrate capacity to meet market demand. In the future, the company will work closely with customers, get more niche products orders, and continue to enhance production technologies, improve yield and reduce cost, to improve operational performance.

Nan Ya Technology Corp., another company invested by NPC, is committed to the development, manufacture, and sale of dynamic random-access memory (DRAM) products. Though DRAM industry significantly slowed down in 2019, the company still maintained good profitability, and completed the product development and shipping of low-power 20 nm 4Gb/8Gb LPDDR3, 2Gb/4Gb/8Gb LPDDR4/4X, etc. It has also successfully developed 10 nm DRAM cell design, enabling future DRAM products to continue to shrink in size for at least 3 generations. In 2020, it will develop first generation 10 nm lead products, DDR4 and DDR5 on its own technology platform, and is expected to gradually go into trial production after the second half of the year, in preparation for mass production of 2021. In 2020, it will continue to focus on 20 nm product portfolio optimization to increase competitiveness, and increase process technologies, product design, and customer services capabilities, to meet market demand, and provide customers with best memory solutions.

2.2019 Operating Status

The consolidated operating revenue was NT$286.30 billion in 2019, a decrease of NT$46.76 billion, 14.0% over NT$333.06 billion in 2018. Deducted operating costs NT$258.17 billion and selling expenses and administrative expenses NT$18.25 billion the operating income was NT$9.88 billion in 2019 which declined 66.4% compared with NT$29.42 billion in 2018. Added up non-operating income and expenses NT$ 16.80 billion the pre-tax income of 2019 was NT$26.68 billion and the pre-tax income margin was 9.3% a decrease of 56.6% over NT$61.53 billion in 2018.

3.2020 Business Outlook

Looking ahead to 2020, the environment is still disturbing. The world's economy has been affected by many factors, including trade war, technological war, currency war, and threat of armed conflict of geopolitics in the long run. Also, the virus outbreak that affects human health in the beginning of the year deepens the unrest in the market, suppressing the opportunities for economic recovery through new technologies development and application in the short run. If the various uncertain factors can be reduced in the future, the economy should be able to develop normally.

With the complex international situation, maintaining stable growth and profit is still the most important goal. Therefore, NPC will continue to actively push forward its four business focus:

(1) Market expansion: Based on the physical sales channels with the assistance of online marketing, NPC actively expands and separates the market. With the configuration of domestic and overseas production bases, diversion in sales channels, production capacity allocation, and market expansion, NPC carries out overall production and sales allocation, increases revenue, boosts capacity utilization rate, and reduces cost.

(2) Research and development: Besides developing new products with different characteristics to satisfy customer needs and market trend, NPC makes good use of the features of existing products to explore new application. It expands customer base and explore new markets to increase the proportion of differentiated and high-value products in the hope of increasing profitability continuously.

(3) Circular economy: Implement reduction, reuse, and resource recycling, reduce raw materials and energy consumption from the source, and carry out resource integration across plants and companies, recycle energy, and finally recycle the waste generated, achieving recycling and reuse, and attaining the economic benefits of low consumption, low emission, and high utilization.

(4) Process optimization: NPC will continue to improve and upgrade its equipment, increase the efficiency of existing equipment/production lines, create maximum benefit with minimum investment, and actively implement AI to attain intellectualization in production process.

In the future, we will continue to make AI our priority, and make use of image recognition technologies to carry out product quality inspection and control, and conduct systematic gathering, processing, and application on the massive data, so as to optimize the control of process conditions, increase quality and reduce raw materials and energy consumption. We will also expand it horizontally to domestic and overseas plants to create greater benefits.

In addition, besides participating in the joint venture expansion in US Texas OL-3 and Louisiana at present, our total ongoing investments amount to approximately NT$ 68 billion, including 14% in Taiwan, mainly in high-value copper foil, polyester film, PP synthetic paper, etc., and 86% in other countries, mainly in expansions of EG plant in the U.S., which is about to be completed, as well as copper foil substrate, fiberglass cloth, printed circuit board, aluminum plastic film, and BPA plants in China. When they go into production, it is expected to generate an annual output of NT$ 52.4 billion, which will drive the continued growth of NPC.

Chairman: Chia Chau, Wu
President: Ming Jen, Tzou
In-charge Accountant: Li Ta, Pai

NAN YA PLASTICS CORPORATION
Audit Committee' Review Report

The Board of Directors has prepared the Company's 2019 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 18, 2020

Ratification Items Proposal 1

Proposal: For approval of the 2019 Business Report and Financial Statements as required by the Company Act.

Proposed by the Board of Directors

Explanation:

1. The preparation of the Company's 2019 Consolidated and Individual Financial Statements were completed and the same were approved by the Board Meeting on March 18, 2020, and audited by independent auditors, Ms. Hsin-Yi, Kuo and Mr. Chi-Lung, Yu, of KPMG. The aforesaid Financial Statements together with the Business Report were reviewed by the Audit Committee, which the Audit Committee' Review Report is presented.

2. For the aforementioned Business Report, please refer to page 5 through page 10 of the Meeting Handbook. As for the Financial Statements, please refer to page 21 through page 28 of the Handbook. Please approve the Business Report and the Financial Statements.

Resolution:

Ratification Items   Proposal 2

Proposal: For Approval of the Proposal for Distribution of 2019 Profits as required by the Company Act.

Proposed by the Board of Directors

Attachment:

Please refer to page 29 of the Handbook for the Statement of Profits Distribution, which has been reviewed by the Audit Committee members of Nan Ya Plastics Corporation and approved by the Board of Directors on March 18, 2020.

Resolution:

Discussion Items Proposal 1

Proposal: Amendment to the Rules of Procedure for Shareholders' Meetings of the company submitted for discussion

Proposed by the Board of Directors

Explanation:

To refer to the sample template announced in the order Tai-Cheng-Chih-Li-Zi No. 1080024221 dated January 2, 2020 by the Taiwan Stock Exchange Corporation, certain articles of the Rules of Procedure for Shareholders' Meetings provided by the company have been amended. The comparison table for articles before and after amendment is hereby attached. Please determine whether the amendments are reasonable.

Article	Article before Amendment	Article after Amendment	Reason for Amendment
Article 3	(above 4 paragraph omitted) Election or dismissal of directors, amendments to the Articles of Incorporation, the dissolution, merger, or demerger of the corporation, or any matter under paragraph 1 of Article 185 of the Company Act <u>or Articles 26-1 and 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities</u>	(above 4 paragraph omitted) Election or dismissal of directors, amendments to the Articles of Incorporation, <u>**capital reduction, application to be delisted from public offering, lifting of non-competition restriction of directors, capital increase by retained earnings, capital increase by capital reserve,**</u> dissolution, merger, or demerger of the corporation, or any matter under Paragraph 1	Amended in line with Directive Letter No. 1080024221 announced by the Taiwan Stock Exchange Corporation (TWSE) on January 2, 2020.

	Issuers shall be set out in the notice of the causes to convene the shareholders' meeting. None of the above matters may be raised by an extraordinary motion.	of Article 185 of the Company Act shall be set out in the notice of the **reasons for convening** the shareholders' meeting. None of the above matters may be raised by an extraordinary motion. **The content of such matters shall be uploaded to a website designated by the competent authority or the Company, and the website shall be specified on the meeting notice.** **Where the meeting agenda has specified general re-elections of the directors and the terms of the directors' office, the terms of office of the directors shall not be altered by raising an extraordinary motion or any other method upon the completion of the general elections at the shareholders' meeting.**	

	A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a <u>written</u> proposal for discussion at an annual shareholders' meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the Meeting Agenda. In addition, when the circumstances of any subparagraph of paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a	A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a proposal for discussion at an annual shareholders' meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the Meeting Agenda. <u>**However, when a shareholder's proposal contains suggestions or recommendations for the Company to enhance the public interest or facilitate the Company to fulfill its corporate social responsibility, the Board of Directors may include such proposal into the agenda.**</u> In addition, when the circumstances of any subparagraph of paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a	

	shareholder, the Board of Directors may exclude it from the Agenda. Prior to the book closure date before an annual shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. (below omitted)	shareholder, the Board of Directors may exclude it from the Agenda. Prior to the book closure date before an annual shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, **<u>the method of receiving such proposals (whether written or in electronic form),</u>** and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. (below omitted)	
Article 10	If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders'	If a shareholders' meeting is convened by the Board of Director, the meeting agenda shall be set by the Board of Directors. **<u>The relevant proposals (including extraordinary motions and amendment to original proposals) shall be decided by voting on a case-by-case basis.</u>**	Amended in line with Directive Letter No. 1080024221 announced by the Taiwan Stock Exchange Corporation (TWSE) on

	meeting. (paragraph 2~3 omitted) The Chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the Chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chair may announce the discussion closed and <u>call</u> for a vote.	The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting. (paragraph 2~3 omitted) The Chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the Chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chair may announce the discussion closed and <u>**shall also arrange ample time**</u> for a vote.	January 2, 2020.
Article 13	(paragraph 1 omitted) When the Company holds a shareholders' meeting, <u>it may allow</u> <u>the</u> shareholders <u>to</u> exercise voting rights <u>in writing or</u> by way of electronic transmission.	(paragraph 1 omitted) When the Company holds a shareholders' meeting, shareholders <u>**shall**</u> exercise <u>**their**</u> voting rights by way of electronic transmission <u>**and may exercise their**</u>	Amended in line with Directive Letter No. 1080024221 announced by the Taiwan

	When voting rights are exercised in writing or by way of electronic transmission, the method for exercising the voting rights shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights in writing or by way of electronic transmission will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. (below omitted)	**<u>voting rights in writing</u>**. When voting rights are exercised in writing or by way of electronic transmission, the method for exercising the voting rights shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights in writing or by way of electronic transmission will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. (paragraph 3~6 omitted) **<u>In addition to the proposals on the meeting agenda, when a shareholder wishes to propose an extraordinary motion, the shareholder's voting rights shall represent at least 1% or more of the Company's total issued</u>**	Stock Exchange Corporation (TWSE) on January 2, 2020. Qualification for proposing an extraordinary motion has been specified pursuant to the Company's actual processing needs.

		<u>shares.</u> (below omitted)	
Article 15	(paragraph 1~2 omitted) The meeting minutes shall accurately record the year, month, day, and place of the meeting, the Chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.	(paragraph 1~2 omitted) The meeting minutes shall accurately record the year, month, day, and place of the meeting, the Chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results **<u>(including the weight of the votes), and the number of weighted votes each candidate received in case of a Directors' elections</u>**, and shall be retained for the duration of the existence of the Company.	Amended in line with Directive Letter No. 1080024221 announced by the Taiwan Stock Exchange Corporation (TWSE) on January 2, 2020.

Resolution:

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current assets:				
1100	Cash and cash equivalents (notes 6(a) and (x))	$ 43,608,119	8	52,365,882	9
1110	Current financial assets at fair value through profit or loss (notes 6(b), (x))	4,044,356	1	4,017,249	1
1120	Current financial assets at fair value through other comprehensive income (notes 6(c), (x), and 8)	41,715,821	8	44,528,667	8
1150	Notes receivable, net (notes 6(d) and (x))	5,557,174	1	6,524,088	1
1170	Accounts receivable, net (notes 6(d) and (x))	36,640,358	7	39,237,627	7
1180	Accounts receivable due from related parties (notes 6(d), (x) and 7)	1,866,001	-	2,484,349	-
1200	Other receivables (note 6(e))	2,237,168	-	1,869,037	-
1210	Other receivables due from related parties (notes 6(e), (x), and 7)	5,925,227	1	6,117,870	1
130X	Inventories (note 6(f))	41,567,752	7	49,040,842	9
1470	Other current assets	4,314,370	1	4,088,930	1
	Total current assets	187,476,346	34	210,274,541	37
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (notes 6(b) and (x))	824,726	-	1,047,877	-
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(c) and (x))	22,662,110	4	28,011,349	5
1550	Investments accounted for using equity method (notes 6(g) and 8)	165,109,381	30	169,871,136	30
1600	Property, plant and equipment (notes 6(h) and 8)	156,095,364	28	140,907,261	25
1755	Right-of-use assets (notes 6(i) and 7)	1,198,549	-	-	-
1782	Intangible assets (note 6(j))	2,293,595	-	2,486,740	-
1812	Technology development expense	30,257	-	37,385	-
1840	Deferred tax assets (note 6(q))	5,439,156	1	5,519,863	1
1915	Prepayments for purchase of equipment	3,468,440	1	2,710,252	-
1937	Overdue receivables (note 6(d))	-	-	-	-
1975	Net defined benefit asset-non-current (note 6(p))	1,865	-	1,040	-
1990	Other non-current assets	10,078,890	2	9,381,900	2
	Total non-current assets	367,202,333	66	359,974,803	63
	Total assets	$ 554,678,679	100	570,249,344	100

Code	Liabilities and Equity	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current liabilities:				
2100	Short-term borrowings (notes 6(l), (x), and (aa))	$ 24,012,100	4	21,253,381	4
2110	Short-term notes and bills payable (notes 6(k), (x) and (aa))	15,392,795	3	8,897,747	1
2170	Notes and accounts payable (note 6(x))	9,102,231	2	9,496,716	2
2180	Accounts payable to related parties (notes 6(x) and 7)	6,986,969	1	8,720,846	1
2200	Other payables (note 7)	18,539,776	3	20,233,152	4
2280	Current lease liabilities (notes 6(o),(x) , (aa), and 7)	197,527	-	-	-
2321	Current portion of bonds payable (notes 6(n), (x) and (aa))	4,647,875	1	5,946,931	1
2322	Current portion of long-term borrowings (note 6(m), (x) and (aa))	3,333,333	1	6,133,333	1
2399	Other current liabilities	1,303,544	-	1,109,441	-
	Total current liabilities	83,516,150	15	81,791,547	14
	Non-Current liabilities:				
2530	Bonds payable (notes 6(n), (x) and (aa))	59,330,786	11	52,584,524	9
2540	Long-term borrowings (notes 6(m), (x) and (aa))	14,751,117	3	6,137,472	1
2570	Deferred tax liabilities (note 6(q))	13,122,029	2	12,639,024	3
2580	Non-current lease liabilities (notes 6(o), (x) , (aa) and 7)	291,222	-	-	-
2611	Long-term notes payable (notes 6(m), (x) and (aa))	5,096,417	1	7,096,550	1
2640	Net defined benefit liability-non-current (note 6(p))	22,183,650	4	22,287,385	4
2645	Guarantee deposits	712,939	-	679,464	-
2670	Other non-current liabilities	103,669	-	128,386	-
	Total non-current liabilities	115,591,829	21	101,552,805	18
	Total liabilities	199,107,979	36	183,344,352	32
	Equity attributable to owners of parent (notes 6(r)):				
3110	Common Stock	79,308,216	14	79,308,216	14
3200	Capital surplus	26,617,834	5	26,672,119	5
3300	Retained earnings	204,105,146	37	220,788,020	39
3400	Others	34,540,688	6	48,903,842	8
36XX	Non-controlling interests	10,998,816	2	11,232,795	2
	Total equity	355,570,700	64	386,904,992	68
	Total liabilities and equity	$ 554,678,679	100	570,249,344	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 Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

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

		2019		2018	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(u) and 7)**	$ 286,303,059	100	333,061,560	100
5000	**Operating costs (notes 6(f), (p), (v), 7 and 12)**	258,172,796	90	284,054,265	85
5910	Less: Unrealized (realized) profit from affiliated companies (note 7)	(6,964)	-	(56,290)	-
	Gross profit from operation	28,137,227	10	49,063,585	15
	Operating expenses (notes 6(j), (p), (v), 7 and 12):				
6100	Selling expenses	9,661,546	3	10,261,727	3
6200	Administrative expenses	8,590,296	3	9,381,085	3
	Total operating expenses	18,251,842	6	19,642,812	6
	Net Operating income	9,885,385	4	29,420,773	9
	Non-operating income and expenses (notes 6(g), (o), (w) and 7):				
7010	Other income	6,371,567	2	6,635,682	2
7020	Other gains and losses	213,753	-	1,012,460	-
7050	Finance costs	(1,620,428)	(1)	(1,723,469)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	11,838,753	4	26,179,740	8
	Total non-operating income and expenses	16,803,645	5	32,104,413	10
	Profit before tax	26,689,030	9	61,525,186	19
7950	Less: Income tax expenses (note 6(q))	3,479,507	1	8,866,335	3
	Profit	23,209,523	8	52,658,851	16
8300	**Other comprehensive income (loss) (note 6(g) 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	(52,911)	-	(768,275)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(7,787,479)	(3)	(3,311,346)	(1)
8320	Share 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	(808,135)	-	(3,383,834)	(1)
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(10,556)	-	(324,897)	-
	Total items that may not be reclassified subsequently to profit and loss	(8,637,969)	(3)	(7,138,558)	(2)
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation	(5,962,293)	(2)	441,013	-
8370	Share 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	15,812	-	(22,910)	-
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	135,016	-
	Total items that may be reclassified subsequently to profit and loss	(5,946,481)	(2)	283,087	-
8300	**Other comprehensive income**	(14,584,450)	(5)	(6,855,471)	(2)
8500	**Total comprehensive income**	**$ 8,625,073**	**3**	**45,803,380**	**14**
	Profit, attributable to:				
8610	Owners of parent	$ 23,076,123	8	52,746,021	16
8620	Non-controlling interests	133,400	-	(87,170)	-
		$ 23,209,523	**8**	**52,658,851**	**16**
	Comprehensive income attributable to:				
8710	Owners of parent	$ 8,608,080	3	45,930,928	14
8720	Non-controlling interests	16,993	-	(127,548)	-
		$ 8,625,073	**3**	**45,803,380**	**14**

		Before Tax	After Tax	Before Tax	After Tax
	Basic earnings per share (note 6(t)):				
9710	Income from continuing operations	$ 3.37	2.93	7.76	6.64
	Income from non-controlling equity	(0.27)	(0.02)	(0.47)	0.01
9750	Income attributable to shareholders of the parent	**$ 3.10**	**2.91**	**7.29**	**6.65**

See accompanying notes to Consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
			Retained earnings			Items of other equity interest							
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Gains (losses) on hedging instruments	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2018	$ 79,308,216	26,158,472	57,873,852	86,932,416	63,674,176	(6,026,197)	-	47,691,196	7,729	-	355,619,860	11,599,899	367,219,759
Effects of retrospective application	-	-	-	-	507,292	-	61,239,238	(47,691,196)	(7,729)	7,729	14,055,334	(1,172)	14,054,162
Balance at January 1, 2018 after adjustment	79,308,216	26,158,472	57,873,852	86,932,416	64,181,468	(6,026,197)	61,239,238	-	-	7,729	369,675,194	11,598,727	381,273,921
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	5,452,101	-	(5,452,101)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	6,819,825	(6,819,825)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(40,447,190)	-	-	-	-	-	(40,447,190)	-	(40,447,190)
Reversal of special reserve	-	-	-	(15,150)	15,150	-	-	-	-	-	-	-	-
Other changes in capital surplus:													
Other changes in capital surplus	-	513,647	-	-	-	-	-	-	-	-	513,647	-	513,647
Profit	-	-	-	-	52,746,021	-	-	-	-	-	52,746,021	(87,170)	52,658,851
Other comprehensive income	-	-	-	-	(498,165)	320,901	(6,614,919)	-	-	(22,910)	(6,815,093)	(40,378)	(6,855,471)
Total comprehensive income	-	-	-	-	52,247,856	320,901	(6,614,919)	-	-	(22,910)	45,930,928	(127,548)	45,803,380
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(238,384)	(238,384)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(382)	-	-	-	-	-	(382)	-	(382)
Balance at December 31, 2018	79,308,216	26,672,119	63,325,953	93,737,091	63,724,976	(5,705,296)	54,624,319	-	-	(15,181)	375,672,197	11,232,795	386,904,992
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	5,274,602	-	(5,274,602)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	6,106,008	(6,106,008)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(39,654,108)	-	-	-	-	-	(39,654,108)	-	(39,654,108)
Reversal of special reserve	-	-	-	(1,433)	1,433	-	-	-	-	-	-	-	-
Other changes in capital surplus:													
Other changes in capital surplus	-	(54,285)	-	-	-	-	-	-	-	-	(54,285)	-	(54,285)
Profit	-	-	-	-	23,076,123	-	-	-	-	-	23,076,123	133,400	23,209,523
Other comprehensive income	-	-	-	-	(104,889)	(5,866,135)	(8,512,831)	-	-	15,812	(14,468,043)	(116,407)	(14,584,450)
Total comprehensive income	-	-	-	-	22,971,234	(5,866,135)	(8,512,831)	-	-	15,812	8,608,080	16,993	8,625,073
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(250,972)	(250,972)
Balance at December 31, 2019	**$ 79,308,216**	**26,617,834**	**68,600,555**	**99,841,666**	**35,662,925**	**(11,571,431)**	**46,111,488**	**-**	**-**	**631**	**344,571,884**	**10,998,816**	**355,570,700**

See accompanying notes to Consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) operating activities:		
Profit before tax	$ 26,689,030	61,525,186
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	15,258,463	15,992,569
Amortization expense	1,286,179	1,860,619
Net gain on diposal of financial assets	(53,863)	-
Net loss (profit) on financial assets at fair value through profit or loss	26,211	(198,301)
Interest expense	1,620,428	1,723,469
Interest income	(1,090,433)	(1,047,522)
Dividend income	(3,237,464)	(3,613,797)
Share of profit of associates and joint ventures accounted for using equity method	(11,838,753)	(26,179,740)
(Profit) loss on disposal of property, plant and equipment	(307,736)	105,817
Property, plant and equipment transferred to expenses	87,995	116,398
Realized profit from affiliated companies	(6,964)	(56,290)
Unrealized foreign exchange profit or loss	287,198	34,600
Other revenue, overdue dividends and compensation of board and directors	3,518	2,906
Gain on reversal of impairment loss of property, plant and equipment	(59)	(9,761)
Total adjustments to reconcile profit (loss)	2,034,720	(11,269,033)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	966,914	(476,425)
Decrease in accounts receivable (including related parties)	3,033,777	2,269,070
(Increase) decrease in other receivable	(405,483)	171,441
Decrease (increase) in inventories	7,166,765	(9,467,658)
(Increase) decrease in other current assets	(252,266)	1,257,583
Total changes in operating assets	10,509,707	(6,245,989)
Decrease in notes and accounts payable	(2,113,364)	(1,759,085)
(Decrease) increase in other payable	(46,578)	352,922
Increase (decrease) in other current liabilities	194,103	(101,110)
Decrease in net defined benefit liability	(157,473)	(267,847)
Total changes in operating liabilities	(2,123,312)	(1,775,120)
Total changes in operating assets and liabilities	8,386,395	(8,021,109)
Total adjustments	10,421,115	(19,290,142)
Cash inflow generated from operations	37,110,145	42,235,044
Interest received	1,127,785	1,176,031
Dividends received	20,260,972	21,127,146
Interest paid	(1,505,460)	(1,834,432)
Income taxes paid	(4,694,089)	(7,144,975)
Net cash flows from operating activities	52,299,353	55,558,814
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(1,676,070)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	1,972
Proceeds from disposal of financial assets at amortised cost	-	1,680,011
Proceeds from disposal of financial assets at fair value through profit or loss	207,799	-
Acquisition of investments accounted for using equity method	(2,320,536)	(2,010,450)
Acquisition of property, plant and equipment	(29,483,979)	(21,147,017)
Proceeds from disposal of property, plant and equipment	1,250,215	88,170
Decrease (increase) in refundable deposits	19,220	(63,686)
Decrease in other receivables due from related parties	192,643	8,229,871
Increase in other non-current assets	(7,278,477)	(4,299,944)
Net cash flows used in investing activities	(37,413,115)	(19,197,143)
Cash flows from (used in) financing activities:		
Increase in short-term loans	2,772,313	11,969,794
Increase in short-term notes and bills payable	6,500,000	900,000
Proceeds from issuing bonds	11,381,560	10,483,594
Repayments of bonds	(5,950,000)	(7,885,122)
Proceeds from long-term debt	14,388,650	3,200,000
Repayments of long-term debt	(8,255,441)	(15,802,786)
(Decrease) increase in other borrowings (long-term notes payables)	(2,000,000)	2,100,000
Increase (decrease) in guarantee deposits received	33,475	(25,212)
Payment of lease liabilities	(209,941)	-
Decrease in other non-current liabilities	(5,985)	(203,234)
Cash dividends paid	(39,629,893)	(40,399,354)
Change in non-controlling interests	(250,972)	(201,851)
Net cash flows from financing activities	(21,226,234)	(35,864,171)
Effect of exchange rate changes on cash and cash equivalents	(2,417,767)	1,483,615
Net increase in cash and cash equivalents	(8,757,763)	1,981,115
Cash and cash equivalents at beginning of period	52,365,882	50,384,767
Cash and cash equivalents at end of period	$ **43,608,119**	**52,365,882**

See accompanying notes to Consolidated financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

NAN YA PLASTICS CORPORATION

Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current assets:				
1100	Cash and cash equivalents (notes 6(a) and (v))	$ 2,398,959	1	5,508,330	1
1110	Current financial assets at fair value through profit or loss (notes 6(b) and (v))	4,044,356	1	4,017,249	1
1120	Current financial assets at fair value through other comprehensive income (notes 6(c) and (v))	41,715,821	8	44,528,667	8
1150	Notes receivable, net (notes 6(d) and (v))	2,035,966	1	2,417,539	1
1170	Accounts receivable, net (notes 6(d) and (v))	10,297,642	2	12,333,877	2
1180	Accounts receivable due from related parties (notes 6(d), (v) and 7)	5,726,710	1	6,409,203	1
1200	Other receivables (note 6(e))	928,677	-	1,346,114	-
1210	Other receivables due from related parties (notes 6(e), (v) and 7)	5,640,819	1	12,683,027	3
130X	Inventories (note 6(f))	21,787,220	4	25,605,150	5
1470	Other current assets	2,011,482	-	1,736,359	-
	Total current assets	96,587,652	19	116,585,515	22
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(c) and (v))	10,843,196	2	11,132,158	2
1550	Investments accounted for using equity method (notes 6(g))	334,228,505	64	339,241,706	63
1600	Property, plant and equipment (note 6(h))	62,826,030	12	59,292,743	11
1755	Right-of-use assets (note 6(i))	127,874	-	-	-
1812	Technology development expense	30,257	-	34,972	-
1840	Deferred tax assets (note 6(p))	3,979,584	1	4,060,736	1
1915	Prepayments for purchase of equipment	1,669,032	-	1,401,284	-
1937	Overdue receivables (note 6(d))	-	-	-	-
1990	Other non-current assets	7,873,636	2	6,758,479	1
	Total non-current assets	421,578,114	81	421,922,078	78
	Total assets	$ 518,165,766	100	538,507,593	100

Code	Liabilities and Equity	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current liabilities:				
2100	Short-term borrowings (notes 6(k), (v) and (y))	$ 22,443,300	4	20,880,900	4
2111	Short-term notes and bills payable (notes 6(j), (v) and (y))	15,392,795	3	8,897,747	2
2170	Notes and accounts payable (note 6(v))	5,045,472	1	4,993,365	1
2180	Accounts payable to related parties (notes 6(v) and 7)	5,957,209	1	7,130,082	1
2200	Other payables	11,350,723	2	12,493,985	2
2220	Other payables to related parties (notes 6(v), (y) and 7)	4,000,000	1	-	-
2280	Current lease liabilities (notes 6(n), (v), (y), and 7)	59,288	-	-	-
2321	Current portion of bonds payable (notes 6(m), (v) and (y))	4,647,875	1	5,946,931	1
2322	Current portion of long-term borrowings (notes 6(l), (v) and (y))	3,333,333	1	6,133,333	1
2399	Other current liabilities	659,525	-	546,592	-
	Total current liabilities	72,889,520	14	67,022,935	12
	Non-Current liabilities:				
2530	Bonds payable (notes 6(m), (v) and (y))	59,330,786	12	52,584,524	10
2540	Long-term borrowings (notes 6(m), (v) and (y))	4,966,667	1	5,200,000	1
2570	Deferred tax liabilities (notes 6(p))	11,480,294	2	10,984,786	2
2580	Non-current lease liabilities (note 6(n), (v), (y), and 7)	69,457	-	-	-
2611	Long-term notes payable (note 6(l), (v) and (y))	5,096,417	1	7,096,550	1
2640	Net defined benefit liability-non-current (note 6(n))	19,424,132	4	19,596,620	4
2645	Guarantee deposits	288,238	-	305,584	-
2670	Other non-current liabilities	48,371	-	44,397	-
	Total non-current liabilities	100,704,362	20	95,812,461	18
	Total liabilities	173,593,882	34	162,835,396	30
	Equity(notes 6(q)):				
3110	Common Stock	79,308,216	15	79,308,216	15
3200	Capital surplus	26,617,834	5	26,672,119	5
3300	Retained earnings	204,105,146	39	220,788,020	41
3400	Others	34,540,688	7	48,903,842	9
	Total equity	344,571,884	66	375,672,197	70
	Total liabilities and equity	$ 518,165,766	100	538,507,593	100

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, 2019 and 2018

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

		2019		2018	
		Amount	%	Amount	%
4000	**Operating revenue, net (notes 6(s) and 7)**	$154,799,788	100	188,909,965	100
5000	**Operating costs (notes 6(f), (o), (t), 7 and 12)**	140,895,897	91	161,183,893	85
5910	**Less: Unrealized (realized) profit from affiliated companies (note 7)**	(30,032)	-	(17,988)	-
	Gross profit from operations	13,933,923	9	27,744,060	15
	Operating expenses (notes 6(e), (o), (t), 7 and 12):				
6100	Selling expenses	5,658,176	4	5,959,140	3
6200	Administrative expenses	5,393,655	3	6,333,369	4
	Total operating expenses	11,051,831	7	12,292,509	7
	Operating income	2,882,092	2	15,451,551	8
	Non-operating income and expenses (notes 6(g), (n), (u) and 7):				
7010	Other income	4,814,269	3	5,120,668	3
7020	Gains (losses) on reclassification of financial assets	(84,658)	-	988,720	1
7050	Finance costs	(1,369,753)	(1)	(1,274,829)	(1)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method, net	18,321,507	12	37,534,582	20
	Total non-operating income and expenses	21,681,365	14	42,369,141	23
	Profit before income tax	24,563,457	16	57,820,692	31
7950	Less: Income tax expenses(benefits)(notes 6(p))	1,487,334	1	5,074,671	3
	Profit (loss)	23,076,123	15	52,746,021	28
8300	**Other comprehensive income (notes 6(g) and (q)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	34,401	-	(582,901)	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(3,101,808)	(2)	(1,513,062)	(1)
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	(5,543,433)	(3)	(5,280,046)	(3)
8349	Less : income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6,880	-	(262,925)	-
	Total items that may not be reclassified subsequently to profit and loss	(8,617,720)	(5)	(7,113,084)	(4)
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(5,866,135)	(4)	455,917	-
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	15,812	-	(22,910)	-
8399	Less : income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	135,016	-
	Total items that may be reclassified subsequently to profit or loss	(5,850,323)	(4)	297,991	-
8300	**Other comprehensive income**	(14,468,043)	(9)	(6,815,093)	(4)
8500	**Total comprehensive income**	$ 8,608,080	6	45,930,928	24

	Before Tax	After Tax	Before Tax	After Tax
Basic earnings per share (note 6(r)) :	$ 3.10	2.91	7.29	6.65

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, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Items of other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Gains (losses) on hedging instruments	Total equity
Balance at January 1, 2018	$ 79,308,216	26,158,472	57,873,852	86,932,416	63,674,176	(6,026,197)	-	47,691,196	7,729	-	355,619,860
Effects of retrospective application	-	-	-	-	507,292	-	61,239,238	(47,691,196)	(7,729)	7,729	14,055,334
Balance at January 1, 2018 after adjustment	79,308,216	26,158,472	57,873,852	86,932,416	64,181,468	(6,026,197)	61,239,238	-	-	7,729	369,675,194
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	5,452,101	-	(5,452,101)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	6,819,825	(6,819,825)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(40,447,190)	-	-	-	-	-	(40,447,190)
Reversal of special reserve	-	-	-	(15,150)	15,150	-	-	-	-	-	-
Other changes in capital surplus:											
Other changes in capital surplus	-	513,647	-	-	-	-	-	-	-	-	513,647
Profit	-	-	-	-	52,746,021	-	-	-	-	-	52,746,021
Other comprehensive income	-	-	-	-	(498,165)	320,901	(6,614,919)	-	-	(22,910)	(6,815,093)
Total comprehensive income	-	-	-	-	52,247,856	320,901	(6,614,919)	-	-	(22,910)	45,930,928
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(382)	-	-	-	-	-	(382)
Balance at December 31, 2018	79,308,216	26,672,119	63,325,953	93,737,091	63,724,976	(5,705,296)	54,624,319	-	-	(15,181)	375,672,197
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	5,274,602	-	(5,274,602)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	6,106,008	(6,106,008)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(39,654,108)	-	-	-	-	-	(39,654,108)
Reversal of special reserve	-	-	-	(1,433)	1,433	-	-	-	-	-	-
Other changes in capital surplus:											
Other changes in capital surplus	-	(54,285)	-	-	-	-	-	-	-	-	(54,285)
Profit	-	-	-	-	23,076,123	-	-	-	-	-	23,076,123
Other comprehensive income	-	-	-	-	(104,889)	(5,866,135)	(8,512,831)	-	-	15,812	(14,468,043)
Total comprehensive income	-	-	-	-	22,971,234	(5,866,135)	(8,512,831)	-	-	15,812	8,608,080
Balance at December 31, 2019	**$ 79,308,216**	**26,617,834**	**68,600,555**	**99,841,666**	**35,662,925**	**(11,571,431)**	**46,111,488**	**-**	**-**	**631**	**344,571,884**

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, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) operating activities:		
Profit before tax	$ 24,563,457	57,820,692
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	5,989,435	6,354,470
Amortization expense	906,871	1,500,194
Net profit on financial assets or liabilities at fair value through profit or loss	(27,107)	(215,889)
Interest expense	1,369,753	1,274,829
Interest income	(305,117)	(312,106)
Dividend income	(3,212,093)	(3,569,990)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(18,321,507)	(37,534,582)
(Gain) loss on disposal of property, plant and equipment	(8,856)	11,107
Realized profit from affiliated companies	(30,032)	(17,988)
Unrealized foreign exchange loss	198,499	18,259
Total adjustments to reconcile profit (loss)	(13,440,154)	(32,491,696)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	381,573	(40,530)
Decrease (increase) in accounts receivable (including related parties)	2,536,888	(250,540)
Decrease in other receivable	353,341	368,474
Decrease (increase) in inventories	3,126,876	(6,706,962)
Increase in other current assets	(275,124)	(93,573)
Total changes in operating assets	6,123,554	(6,723,131)
Decrease in notes and accounts payable (including related parties)	(1,106,189)	(1,246,262)
Increase (decrease) in other payable	149,440	(131,528)
Increase (decrease) in other current liabilities	112,933	(103,895)
Decrease in net defined benefit liability	(138,087)	(214,401)
Total changes in operating liabilities	(981,903)	(1,696,086)
Total changes in operating assets and liabilities	5,141,651	(8,419,217)
Total adjustments	(8,298,503)	(40,910,913)
Cash inflow generated from operations	16,264,954	16,909,779
Interest received	369,214	257,410
Dividends received	21,266,219	21,777,114
Interest paid	(1,364,445)	(1,264,672)
Income taxes paid	(2,244,863)	(2,342,364)
Net cash flows from operating activities	34,291,079	35,337,267
Cash flows from (used in) investing activities:		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	1,973
Proceeds from disposal of financial assets designated at fair value through profit or loss	-	772,908
Acquisition of investments accounted for using equity method	(6,156,161)	(3,686,520)
Acquisition of property, plant and equipment	(4,842,444)	(7,305,999)
Proceeds from disposal of property, plant and equipment	12,261	21,103
Increase in refundable deposits	(25,815)	(3,916)
Decrease (increase) in other receivables due from related parties	7,042,208	(1,206,104)
Increase in other non-current assets	(6,176,525)	(3,705,003)
Net cash flows (used in) from investing activities	(10,146,476)	(15,111,558)
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,562,821	12,452,539
Increase in short-term notes and bills payable	6,500,000	900,000
Proceeds from issuance of bonds	11,381,560	10,483,594
Repayments of bonds	(5,950,000)	(6,100,000)
Proceeds from long-term debt	4,300,000	3,200,000
Repayments of long-term debt	(7,333,333)	(3,933,333)
(Decrease) increase in long-term notes payable	(2,000,000)	2,100,000
Decrease in guarantee deposits	(17,346)	(81,064)
Increase in other payables to related parties	4,000,000	-
Payment of lease liabilities	(58,833)	-
Increase in other non-current liabilities	22,707	3,978
Cash dividends paid	(39,629,893)	(40,495,027)
Net cash flows used in financing activities	(27,222,317)	(21,469,313)
Effect of exchange rate changes on cash and cash equivalents	(31,657)	(16,476)
Net decrease in cash and cash equivalents	(3,109,371)	(1,260,080)
Cash and cash equivalents at beginning of period	5,508,330	6,768,410
Cash and cash equivalents at end of period	$ 2,398,959	5,508,330

See accompanying notes to financial statements.

NAN YA PLASTICS CORPORATION

Statement of Profits Distribution

For the year of 2019

Unit：NT$

Items	Amount
Available for Distribution:	
1. Unappropriated retained earnings of previous years	12,690,257,041
2. Net Income of 2019	23,076,122,677
3. Reversal of Special Reserve	1,432,697
4. Change in retained earnings resulting from Other Comprehensive Income	-104,887,898
Total	35,662,924,517
Distribution Items:	
1. Appropriation of Legal Reserve (10% of the Net Income)	2,307,612,268
2. Appropriation of Special Reserve (unrealized investing profit under equity method)	3,159,705,504
3. Distribution of dividends and bonuses in cash ($2.2 per share)	17,447,807,496
4. Unappropriated retained earnings	12,747,799,249
Total	35,662,924,517

Explanation
1. The proposed distribution is NT$2.2 per share, including dividend of NT$1.474 and bonus of NT$0.726.
2. The total distribution of dividends and bonuses amount to $ 17,447,807,496; all of which are from the net income of 2019.
3. Reversal of Special Reserve is to revert the Special Reserve formerly appropriated from the asset revaluation increments as the relevant assets are disposed.
4. Change in retained earnings resulting from Other Comprehensive Income is the remeasurement of defined benefit obligation.
5. The distribution of dividends and bonuses will be rounded to the nearest dollar for each individual shareholder.