

Stock Code: 1308

# **Asia Polymer Corporation**

## **Handbook for the**

# **2021 Annual General Meeting of Shareholders**

**Date: June 11, 2021**

**Location: 5F., No.2, Yuanshan Rd., Niasong Dist.,  
Kaohsiung City, Taiwan (R.O.C.)**

**The Kaohsiung Grand Hotel, Po Shou Hall**

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# **Asia Polymer Corporation**

## **Procedure of the 2021 Annual General Meeting of Shareholders**

1. Calling the Meeting to Order
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4. Report Items
5. Matters for Ratification and Discussion
6. Extemporaneous Motions
7. Adjournment

**Asia Polymer Corporation**  
**Year 2021**  
**Agenda of Annual General Meeting of Shareholders**

Date : Jun.11, 2021 (Friday) AM 09:00

Location: 5F., No.2, Yuanshan Rd., Niasong Dist., Kaohsiung City, Taiwan  
(R.O.C.)

The Kaohsiung Grand Hotel, Po Shou Hall

1. Report Items:

- (1) To report 2020 operating results.
- (2) To report Audit Committee's Review Reports of 2020 Financial Statement.
- (3) To report 2020 remuneration of directors and employees.

2. Matters for Ratification and Discussion:

- (1) To ratify 2020 Business Report and Financial Statements.
- (2) To ratify 2020 earnings distribution.
- (3) To approve the capitalization on part of dividends.
- (4) To approve the amendment to the Parliamentary Rules for Shareholders' Meetings.
- (5) To approve the permission of directors for competitive actions.

3. Extemporaneous Motions:

4. Adjournment

## **I. Report Items:**

Report 1

To report 2020 operating results

### **Asia Polymer Corporation 2020 Business Report**

The 2020 net sales income reduced by NT\$1.063 billion from last year to NT\$5.515 billion, with a budget achievement rate of 95%. The net income before tax increased by NT\$298 million from 2019 to NT\$1.281 billion, with a budget achievement rate of 185% and net income after tax of NT\$1.104 billion.

The 2020 annual review of business status indicates the EVA demand in mainland China dropped suddenly in the first half of the year as caused by the result of the pandemic. Market demand, particular in the PV application market, recovered progressively after China's proper pandemic control and the stimulation policy of worldwide governments. EVA demand escalated in the second half of the year to catch up with the timeline target of PV installations in China. In addition, many EVA manufacturers had shut down for maintenance or switched to produce LDPE, EVA supply shortage occurred. Further delay of shipment in Q4 caused by pandemic exacerbated imbalance supply situation. The annual sales volume of LDPE and EVA is 4% and -13% respectively, and the corresponding average selling price is -9% and -10%. In manufacturing aspect, raw material cost of ethylene and VAM's reduced while its price fell. The combined annual output of LDPE/EVA reduced by 4% from 2019 to about

130,000 MT. In R&D aspect, in addition to capturing the current production technology and quality by the team of EVA coating grade exploration, deployment in the high-speed EVA coating-grade is also in progress to closely match the future need of customer and successfully raise the market share of EVA coating grade in mainland China. We also enhance energy efficiency and carbon reduction as the key strategic activities to pursue sustainable development.

To sum up the annual operating performance, due to the pandemic's interference and constantly changing supply and demand, despite our efforts in adjusting the production-sales portfolio in response to such changes, sales spread increased when the product selling price dropped as a result of the significant fall of the raw material prices. The annual total operating profit increased by NT\$121 million from 2019 to NT\$910 million. The net non-operating income also increased by NT\$177 million from 2019 to NT\$371 million because of the income from investments using the equity method and the net income from the valuation and disposition of financial assets.

Looking ahead to 2021, we will keep track of the pandemic's development. Many organizations predict that the global economy will recover and economic activities will progressively reopen. In addition, green energy awareness arises following the call of environmental protection augments due to the frequent extreme weather events in recent years, spurring the demand for solar energy. However, the commercial operation of new EVA capacities in mainland China starting soon will bring certain impact on EVA market

supply. We will expand our the EVA coating grade market share, secure basic accounts in LDPE domestic sales and strengthen our market position in EVA PV-grade. In addition, we will continue to develop high VA and low MI for special EVA foam grades to create a differentiated market niche. The HSE enforcement, CSR fulfillment, and customer-service enhancement will create value-added performance for the company and increase market competitiveness for sustainable development.

Chairperson: Quintin Wu

President: Pei-Ji Wu

Chief Accounting Officer: Cheng-shun Chen

## **Report Items:**

Report 2

To report Audit Committee's Review Reports of 2020 Financial Statement.

### **Asia Polymer Corporation Audit Report**

This Audit Committee has audited the 2020 Business Report produced by the Board of Directors, the financial statements (including individual and consolidated financial statements) audited and certified by CPA Cheng-Chun Chiu and CPA Hsiu-Chun Huang of Deloitte Taiwan, and the proposal for profit distribution and found no nonconformity. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this report is presented for approval to AGM.

To

The 2021 Annual General Meeting of Shareholders

Audit Committee, Asia Polymer  
Corporation  
Independent Director: Shang-Hung Shen  
Independent Director: Da-Xiong Chen  
Independent Director: Dun-Qian Zheng

March 16, 2021



## **Report Items:**

### Report 3

To report 2020 remuneration of directors and employees.

Description: 1. Proceeded in accordance with related orders of the Ministry of Economic Affairs and Article 18 of the Articles of Incorporation of the Company.

2. The remuneration of 2020 for employees will be distributed in cash at 1%, NT\$12,936,909, of the 2020 earnings, and no remuneration will be distributed to directors.

## **II. Matters for Ratification and Discussion:**

### Proposal 1

Proposed by the Board

To ratify 2020 Business Report and Financial Statements

Description: 1. The 2020 financial statements (including individual and consolidated financial statements) approved by the Board on March 5, 2021 are audited by CPA Cheng-Chun Chiu and CPA Hsiu-Chun Huang of Deloitte Taiwan and the Audit Committee for the record.

2. Please refer to p. 4-6 of this Handbook for the 2020 Business Report and p. 10-30 for the CPA Audit Report and the financial statements.

Resolution:

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Asia Polymer Corporation

### Opinion

We have audited the accompanying financial statements of Asia Polymer Corporation (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.(collectively referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. 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 related to the Company's financial statements for the year ended December 31, 2020 are stated as follows:

#### Revenue Recognition - Sales Revenue from Specific Customers

The amount of sales revenue for the year ended December 31, 2020 was NT\$5,514,958 thousand, which was approximately 16.16% lower than the sales revenue for the year ended December 31, 2019 of NT\$6,578,064 thousand. Nevertheless, the sales revenue from specific customers has grown significantly compared to the average change trend of total sales revenue. Sales revenue from these specific customers was NT\$2,316,082 thousand, which accounted for approximately 42.00% of net operating revenue. Therefore, recognition of revenue from these specific customers has been identified as a key audit matter.

The audit procedures performed in response to the risk were as follows:

1. We obtained an understanding of the design and implementation of internal controls about these specific customers and tested if these controls were performed effectively. Such controls include credit assessments of customers, revenue recognition and receivables collection.
2. We sampled and inspected purchase orders from these specific customers, shipping confirmations and receivables collection receipts in order to verify the accuracy of sales revenue.
3. We reviewed sales returns and discounts recognized and the amounts received in subsequent periods to assess for any abnormalities.

### **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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 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.

Deloitte & Touche  
Taipei, Taiwan, Republic of China

CPA, Cheng-Chun Chiu

CPA, Hsiu-Chun Huang

Financial Supervisory Commission  
Approved Document No. Chin Guan Cheng Liu Zi  
No.0930160267

Financial Supervisory Commission  
Approved Document No. Tai Tsai Cheng Liu Zi  
No.0920123784

March 16, 2021

**Notice to Readers:**

The financial statement (Chinese version) of our company is audited by the CPA Cheng-Chun Chiu and CPA Hsiu-Chun Huang of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

## ASIA POLYMER CORPORATION

## Balance Sheet

December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents	\$ 274,142	2	\$ 587,400	4
1110	Financial assets-at fair value through profit and loss - current	1,007,300	6	2,585,296	15
1120	Financial assets at fair value through other comprehensive income -current	86,368	-	73,352	-
1170	Accounts receivable	545,372	3	591,523	4
1180	Accounts receivable - related parties	209,875	1	184,772	1
1200	Other receivables	2,515	-	394	-
1210	Other receivables-related parties	1,965	-	3,977	-
130X	Inventories	294,846	2	349,206	2
1410	Prepayment	124,228	1	137,953	1
1470	Other current assets	110	-	110	-
11XX	Total current assets	<u>2,546,721</u>	<u>15</u>	<u>4,513,983</u>	<u>27</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current	3,252,937	19	2,288,615	14
1535	Financial assets at amortised cost - non-current	42,648	-	-	-
1550	Investments accounted for using the equity method	7,162,418	43	6,191,020	37
1600	Property, plant and equipment	3,257,029	19	3,276,337	19
1755	Right-of-use assets	424	-	-	-
1760	Investment properties	450,619	3	458,262	3
1840	Deferred tax assets	82,118	1	92,420	-
1990	Other non-current assets	22,183	-	35,531	-
15XX	Total non-current assets	<u>14,270,376</u>	<u>85</u>	<u>12,342,185</u>	<u>73</u>
1XXX	Total assets	<u>\$ 16,817,097</u>	<u>100</u>	<u>\$ 16,856,168</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	Current liabilities				
2100	Short-term borrowings	\$ 700,000	4	\$ 1,100,000	6
2110	Short-term notes and bills payable	-	-	649,944	4
2120	Financial liabilities at fair value through profit or loss - current	3,912	-	-	-
2170	Accounts payable	238,363	2	134,278	1
2180	Accounts payable - related parties	15,630	-	15,667	-
2219	Other accounts payable	194,634	1	183,265	1
2220	Other accounts payable-related parties	49,982	1	166,705	1
2230	Current income tax liabilities	185,963	1	146,105	1
2280	Lease liabilities - current	5,981	-	5,496	-
2365	Refund liabilities - current	5,899	-	5,899	-
2399	Other current liabilities	29,874	-	12,479	-
21XX	Total current liabilities	<u>1,430,238</u>	<u>9</u>	<u>2,419,838</u>	<u>14</u>
	Non-current liabilities				
2540	Long-term borrowings	3,050,000	18	3,950,000	24
2570	Deferred tax liabilities	42,108	-	52,655	-
2580	Lease liabilities - non-current	18,946	-	24,501	-
2640	Net defined benefit liabilities - non-current	155,057	1	165,868	1
2670	Other non-current liabilities	11,203	-	13,486	-
25XX	Total non-current liabilities	<u>3,277,314</u>	<u>19</u>	<u>4,206,510</u>	<u>25</u>
2XXX	Total liabilities	<u>4,707,552</u>	<u>28</u>	<u>6,626,348</u>	<u>39</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
	Share capital				
3110	Ordinary shares	<u>5,821,018</u>	<u>35</u>	<u>5,543,827</u>	<u>33</u>
3200	Capital surplus	<u>33,272</u>	<u>-</u>	<u>24,400</u>	<u>-</u>
	Retained earnings				
3310	Legal reserve	1,798,210	11	1,713,152	10
3320	Special reserve	565,379	3	565,379	4
3350	Unappropriated earnings	<u>2,890,180</u>	<u>17</u>	<u>2,507,082</u>	<u>15</u>
3300	Total retained earnings	<u>5,253,769</u>	<u>31</u>	<u>4,785,613</u>	<u>29</u>
3400	Other equity	<u>1,001,486</u>	<u>6</u>	<u>(124,020)</u>	<u>(1)</u>
3XXX	Total equity	<u>12,109,545</u>	<u>72</u>	<u>10,229,820</u>	<u>61</u>
	Total liabilities and equity	<u>\$ 16,817,097</u>	<u>100</u>	<u>\$ 16,856,168</u>	<u>100</u>

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ASIA POLYMER CORPORATION  
STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2020		2019	
		Amount	%	Amount	%
4100	Net sale revenue	\$ 5,514,958	100	\$ 6,578,064	100
5110	Operating costs	<u>4,405,880</u>	<u>80</u>	<u>5,560,296</u>	<u>85</u>
5900	Gross profit	<u>1,109,078</u>	<u>20</u>	<u>1,017,768</u>	<u>15</u>
	Operating expenses				
6100	Selling expenses	87,575	2	108,585	1
6200	Administrative expenses	106,436	2	115,143	2
6300	Research and development expenses	<u>5,424</u>	<u>-</u>	<u>5,126</u>	<u>-</u>
6000	Total operating expenses	<u>199,435</u>	<u>4</u>	<u>228,854</u>	<u>3</u>
6900	Net operating profit	<u>909,643</u>	<u>16</u>	<u>788,914</u>	<u>12</u>
	Non-operating income and expenses				
7100	Interest income	4,031	-	9,268	-
7010	Other incomes	158,029	3	139,952	2
7020	Other gains and losses	73,462	2	25,568	1
7510	Interest expenses	( 42,537 )	( 1 )	( 56,163 )	( 1 )
7060	Share of profit of associates	<u>178,127</u>	<u>3</u>	<u>75,400</u>	<u>1</u>
7000	Total non-operating income and expenses	<u>371,112</u>	<u>7</u>	<u>194,025</u>	<u>3</u>
7900	Profit before income tax	1,280,755	23	982,939	15
7950	Income tax expenses	<u>177,168</u>	<u>3</u>	<u>161,918</u>	<u>3</u>
8200	Net profit for the year	<u>1,103,587</u>	<u>20</u>	<u>821,021</u>	<u>12</u>

(Continued)

(Continued)

Code		2020		2019	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	(\$ 608)	-	\$ 5,646	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,011,472	18	99,195	2
8330	Share of the other comprehensive income (loss) of associates accounted for using the equity method	64,833	1	27,596	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	( <u>3,332</u> )	<u>-</u>	( <u>60</u> )	<u>-</u>
		<u>1,072,365</u>	<u>19</u>	<u>132,377</u>	<u>2</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations	41,058	1	( 192,308)	( 3)
8380	Share of the other comprehensive income (loss) of associates accounted for using the equity method	( 5,315)	-	( 8,821)	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	( <u>8,212</u> )	<u>-</u>	<u>38,462</u>	<u>1</u>
		<u>27,531</u>	<u>1</u>	( <u>162,667</u> )	( <u>2</u> )
8300	Other comprehensive loss for the year(net of income tax)	<u>1,099,896</u>	<u>20</u>	( <u>30,290</u> )	<u>-</u>

(Continued)



(Continued)

Code		2020		2019	
		Amount	%	Amount	%
8500	Total comprehensive income for the year	<u>\$ 2,203,483</u>	<u>40</u>	<u>\$ 790,731</u>	<u>12</u>
	Earning per share				
9710	Basic	<u>\$ 1.90</u>		<u>\$ 1.41</u>	
9810	Diluted	<u>\$ 1.89</u>		<u>\$ 1.41</u>	

(Concluded)

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ASIA POLYMER CORPORATION  
STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Company					Other equity items			
Code		Share Capital		Retained earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total equity	
		Share (In Thousands)	Ordinary Share	Capital Surplus	Legal Reserve	Special reserve				Unappropriated Earnings
A1	Balance at January 1, 2019	554,382	\$ 5,543,827	\$ 19,619	\$ 1,684,469	\$ 565,379	\$ 1,851,499	( \$ 59,292 )	( \$ 1,065 )	\$ 9,604,436
A3	Effect of retrospective application	-	-	-	-	-	( 855 )	-	-	( 855 )
A5	Balance at January 1, 2019 as restated	554,382	5,543,827	19,619	1,684,469	565,379	1,850,644	( 59,292 )	( 1,065 )	9,603,581
	Appropriation of the 2018 earnings									
B1	Legal reserve	-	-	-	28,683	-	( 28,683 )	-	-	-
B5	Cash dividends distributed	-	-	-	-	-	( 166,315 )	-	-	( 166,315 )
C3	Reclassification of past dividends to capital surplus	-	-	3,087	-	-	-	-	-	3,087
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	-	1,694	-	-	24,779	-	( 27,737 )	( 1,264 )
D1	Net profit for the year ended December 31, 2019	-	-	-	-	-	821,021	-	-	821,021
D3	Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	4,063	( 162,667 )	128,314	( 30,290 )
D5	Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	825,084	( 162,667 )	128,314	790,731
Q1	Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	1,573	-	( 1,573 )	-
Z1	Balance at December 31, 2019	554,382	5,543,827	24,400	1,713,152	565,379	2,507,082	( 221,959 )	97,939	10,229,820
	Appropriation of the 2019 earnings									
B1	Legal reserve	-	-	-	85,058	-	( 85,058 )	-	-	-
B5	Cash dividends distributed	-	-	-	-	-	( 332,630 )	-	-	( 332,630 )
B9	Share dividends distributed	27,719	277,191	-	-	-	( 277,191 )	-	-	-
C3	Reclassification of past dividends to capital surplus	-	-	901	-	-	-	-	-	901
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	-	7,971	-	-	( 26,873 )	-	26,873	7,971
D1	Net profit for the year ended December 31, 2020	-	-	-	-	-	1,103,587	-	-	1,103,587
D3	Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	1,263	27,531	1,071,102	1,099,896
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	1,104,850	27,531	1,071,102	2,203,483
Z1	Balance at December 31, 2020	<u>582,101</u>	<u>\$ 5,821,018</u>	<u>\$ 33,272</u>	<u>\$ 1,798,210</u>	<u>\$ 565,379</u>	<u>\$ 2,890,180</u>	<u>( \$ 194,428 )</u>	<u>\$ 1,195,914</u>	<u>\$ 12,109,545</u>

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ASIA POLYMER CORPORATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

Code		2020	2019
	Cash flow from operating activities		
A10000	Income before income tax	\$ 1,280,755	\$ 982,939
A20010	Adjustments for:		
A20100	Depreciation expense	312,201	301,610
A20200	Amortization expense	35	35
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	( 88 )	( 43,051 )
A20900	Interest expenses	42,537	56,163
A21200	Interest income	( 4,031 )	( 9,268 )
A21300	Dividend income	( 103,685 )	( 82,778 )
A22400	Share of profit of associates	( 178,127 )	( 75,400 )
A23200	Loss (gain) on disposal of investments accounted for using equity method	527	-
A23800	Reversal of write-down of inventories	( 408 )	( 4,039 )
A24100	Net loss (gain) on foreign currency exchange	( 2,813 )	4,534
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at fair value through profit or loss	1,581,996	( 993,789 )
A31130	Notes receivable	-	472
A31150	Accounts receivable	48,844	115,232
A31160	Accounts receivable-related parties	( 24,998 )	( 11,270 )
A31180	Other receivables	( 2,388 )	( 32 )
A31190	Other receivables-related parties	2,012	( 1,740 )
A31200	Inventories	54,768	406,364
A31230	Prepayments	13,725	( 10,410 )
A32110	Financial liabilities held for trading	-	( 2,074 )
A32150	Accounts payable	104,085	( 122,962 )
A32160	Accounts payable-related parties	24	( 7,570 )
A32180	Other payables	12,940	47,509
A32190	Other payables-related parties	( 116,769 )	38,806
A32230	Other current liabilities	14,195	( 5,823 )
A32240	Net defined benefit liabilities	( 11,420 )	( 37,156 )
A33000	Cash inflow generated from operations	3,023,917	546,302
A33100	Interest received	4,298	9,028
A33300	Interest paid	( \$ 43,096 )	( \$ 55,801 )
A33500	Income tax paid	( 149,099 )	( 19,238 )

(Continued)

(Continued)

<u>Code</u>		<u>2020</u>	<u>2019</u>
AAAA	Net cash inflow from operating activities	<u>2,836,020</u>	<u>480,291</u>
	Cash flow from investing activities		
B00040	Acquisition of financial assets at amortised cost - non-current	5,141	-
B00020	Proceeds from sale of financial assets at fair value through other comprehensive income - current	-	2,389
B00030	Capital reduction of financial assets at fair value through other comprehensive income	34,135	18,066
B01800	Acquisition of associates	( 783,964 )	( 1,280,719 )
B02400	Capital reduction and liquidation return of the invested company at equity	23,896	-
B02700	Purchase of property, plant and equipment	( 284,827 )	( 67,422 )
B09900	Decrease (increase) in other non-current assets	13,313	( 31,618 )
B07600	Dividends received	<u>130,713</u>	<u>147,428</u>
BBBB	Net cash outflow from investment activities	( <u>861,593</u> )	( <u>1,211,876</u> )
	Cash flow from financing activities		
C00100	Decrease in short-term borrowings	( 400,000 )	( 250,000 )
C00600	Increase (decrease) in short term bills payable	( 650,000 )	50,000
C01600	Proceeds from long-term borrowings	5,400,000	12,500,000
C01700	Repayments of long-term borrowings	( 6,300,000 )	( 11,650,000 )
C03100	Decrease in guarantee deposits received	3,200	-
C04020	Repayment of the principal portion of lease liabilities	( 5,917 )	( 5,864 )
C04300	Increase (decrease) in other non-current liabilities	( 2,283 )	1,198
C04500	Dividends paid	( <u>332,685</u> )	( <u>166,340</u> )
CCCC	Net cash inflow (outflow) of financing activities	( <u>2,287,685</u> )	<u>478,994</u>
EEEE	Net decrease in cash and cash equivalents	( 313,258 )	( 252,591 )
E00100	Cash and cash equivalents at the beginning of the year	<u>587,400</u>	<u>839,991</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 274,142</u>	<u>\$ 587,400</u>

(Concluded)

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Asia Polymer Corporation

### Opinion

We have audited the accompanying consolidated financial statements of Asia Polymer Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

#### Revenue Recognition - Sales Revenue from Specific Customers

The amount of sales revenue for the year ended December 31, 2020 was NT\$5,703,546 thousand, which was approximately 16.01% lower than the sales revenue of NT\$6,791,157 thousand for the year ended December 31, 2019. Nevertheless, the sales revenue from specific customers has grown significantly compared to the average change trend of total sales revenue. Sales revenue from these specific customers was NT\$2,316,082 thousand, which accounted for approximately 40.61% of net operating revenue. Therefore, we identified recognition of revenue from these specific customers as a key audit matter.

The audit procedures that we performed in response to the risk were as follows:

1. We obtained an understanding of the design and implementation of internal controls about these specific customers and tested if these controls were performed effectively. Such controls include

- credit assessments of customers, revenue recognition and receivables collection.
2. We sampled and inspected purchase orders from these specific customers, shipping confirmations and receivables collection receipts in order to verify the accuracy of sales revenue.
  3. We reviewed sales returns and discounts recognized and the amounts received in subsequent periods to assess for any abnormalities.

### **Other Matter**

We have also audited the parent company only financial statements of Asia Polymer Corporation as of and for the years ended December 31, 2020 and 2019 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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 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.

Deloitte & Touche  
Taipei, Taiwan Republic of China

CPA, Cheng-Chun Chiu  
Financial Supervisory Commission  
Approved Document No. Chin Guan Cheng Liu Zi  
No.0930160267

CPA, Hsiu-Chun Huang  
Financial Supervisory Commission  
Approved Document No. Tai Tsai Cheng Liu Zi  
No.0920123784

March 16, 2021

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Asia Polymer Corporation and Subsidiaries  
Consolidated balance sheet  
December 31<sup>st</sup>, 2020 and 2019

Unit: NT\$ Thousand

Code	Asset	December 31 <sup>st</sup> , 2020		December 31 <sup>st</sup> , 2019	
		Amount	%	Amount	%
	<b>Current assets</b>				
1100	Cash and cash equivalents	\$ 605,644	4	\$ 938,616	6
1110	Financial assets at fair value through profit or loss- current	1,085,851	6	2,646,378	16
1120	Financial assets at fair value through other comprehensive income- current	86,368	1	73,352	-
1170	Accounts receivable	545,372	3	591,523	3
1180	Accounts receivable form related parties	197,413	1	156,784	1
1200	Other receivables	3,806	-	1,196	-
1210	Other receivables from related parties	2,025	-	4,015	-
1310	Inventories	312,124	2	386,670	2
1410	Prepayments	124,759	1	141,794	1
1470	Other current assets	907	-	110	-
11XX	Total current assets	<u>2,964,269</u>	<u>18</u>	<u>4,940,438</u>	<u>29</u>
	<b>Non-current assets</b>				
1517	Financial assets at fair value through other comprehensive income- non-current	3,327,544	20	2,357,879	14
1535	Financial assets at amortized cost- non-current	42,648	-	-	-
1550	Investments accounted for using equity method	6,663,686	39	5,683,009	34
1600	Property, plant and equipment	3,257,676	19	3,277,233	19
1755	Right-of-use assets	424	-	-	-
1760	Investment properties	522,939	3	536,565	3
1840	Deferred tax assets	82,118	1	92,420	1
1990	Other non-current assets	22,199	-	35,547	-
15XX	Total non-current assets	<u>13,919,234</u>	<u>82</u>	<u>11,982,653</u>	<u>71</u>
1XXX	TOTAL	<u>\$ 16,883,503</u>	<u>100</u>	<u>\$ 16,923,091</u>	<u>100</u>
	<b>Liabilities and equity</b>				
	<b>Current liabilities</b>				
2100	Short-term borrowings	\$ 700,000	4	\$ 1,100,000	7
2110	Short-term bills payable	-	-	649,944	4
2120	Financial liabilities at fair value through profit or loss- current	3,912	-	-	-
2170	Accounts payable to unrelated parties	238,923	2	134,772	1
2180	Accounts payable to related parties	48,833	-	52,003	-
2200	Other payables	194,948	1	183,427	1
2220	Other payables to related parties	49,886	1	166,588	1
2230	Current tax liabilities	189,737	1	146,341	1
2280	Lease liabilities- current	5,981	-	5,496	-
2365	Refund liabilities- current	5,899	-	5,899	-
2399	Other current liabilities	41,077	-	25,358	-
21XX	Total current liabilities	<u>1,479,196</u>	<u>9</u>	<u>2,469,828</u>	<u>15</u>
	<b>Non-current liabilities</b>				
2540	Long-term borrowings	3,050,000	18	3,950,000	24
2570	Deferred tax liabilities	42,108	-	52,720	-
2580	Lease liabilities- non-current	18,946	-	24,501	-
2640	Net defined benefit liabilities- non-current	155,057	1	165,868	1
2650	Credit balance of investments accounted for using equity method	16,165	-	14,049	-
2670	Other non-current liabilities	12,486	-	16,305	-
25XX	Total non-current liabilities	<u>3,294,762</u>	<u>19</u>	<u>4,223,443</u>	<u>25</u>
2XXX	Total liabilities	<u>4,773,958</u>	<u>28</u>	<u>6,693,271</u>	<u>40</u>
	<b>Equity attributable to owners of the company</b>				
	Share capital				
3110	Ordinary share	5,821,018	35	5,543,827	33
3200	Capital surplus	33,272	-	24,400	-
	Retained earnings				
3310	Legal reserve	1,798,210	11	1,713,152	10
3320	Special reserve	565,379	3	565,379	3
3350	Unappropriated retained earnings	2,890,180	17	2,507,082	15
3300	Total retained earnings	<u>5,253,769</u>	<u>31</u>	<u>4,785,613</u>	<u>28</u>
	Other equity interest				
3490	Other equity interest- others	1,001,486	6	( 124,020 )	( 1 )
3XXX	Total equity	<u>12,109,545</u>	<u>72</u>	<u>10,229,820</u>	<u>60</u>
	Total liabilities and equity	<u>\$ 16,883,503</u>	<u>100</u>	<u>\$ 16,923,091</u>	<u>100</u>

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Asia Polymer Corporation and Subsidiaries

Consolidated Statement Of Comprehensive Income

For The Years Ended December 31, 2020 and 2019

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

Code		Year 2020		Year 2019	
		Amount	%	Amount	%
4100	Net revenue	\$ 5,703,546	100	\$ 6,791,157	100
5110	Operating costs	<u>4,574,394</u>	<u>80</u>	<u>5,755,709</u>	<u>85</u>
5900	Gross profit	<u>1,129,152</u>	<u>20</u>	<u>1,035,448</u>	<u>15</u>
	Operating expenses				
6100	Selling expenses	89,753	2	111,574	1
6200	Administrative expenses	111,673	2	120,341	2
6300	Research and development expenses	<u>5,423</u>	<u>-</u>	<u>5,126</u>	<u>-</u>
6000	Total operating expenses	<u>206,849</u>	<u>4</u>	<u>237,041</u>	<u>3</u>
6900	Profits From Operations	<u>922,303</u>	<u>16</u>	<u>798,407</u>	<u>12</u>
	Non-operating income and expenses				
7100	Interest income	7,682	-	14,876	-
7010	Other income	167,155	3	150,745	2
7020	Other gains and losses	105,370	2	23,859	-
7510	Interest expense	( 42,537 )	-	( 56,163 )	( 1 )
7060	Share of profit of associates	<u>125,438</u>	<u>2</u>	<u>53,117</u>	<u>1</u>
7000	Total non-operating income and expenses	<u>363,108</u>	<u>7</u>	<u>186,434</u>	<u>2</u>
7900	Profit before income tax	1,285,411	23	984,841	14
7950	Income tax expense	<u>181,824</u>	<u>3</u>	<u>163,820</u>	<u>2</u>
8200	Net profit for the year	<u>1,103,587</u>	<u>20</u>	<u>821,021</u>	<u>12</u>

(continued)

Code		Year 2020		Year 2019	
		Amount	%	Amount	%
	Other comprehensive income (Loss)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plan	(\$ 608)	-	\$ 5,646	-
8316	Unrealized gains (loss) on investments in equity instruments at fair value through other comprehensive income	1,032,335	18	122,885	2
8330	Share of the other comprehensive income (loss) of associates accounted for using equity method	43,970	1	3,906	-
8349	Income tax related to item that will not be reclassified subsequently to profit or loss	( 3,332)	-	( 60)	-
8310		<u>1,072,365</u>	<u>19</u>	<u>132,377</u>	<u>2</u>
	Items that may be Reclassified subsequently to profit or loss:				
8361	Exchange differences on Translating the financial statements of foreign operations	41,058	-	( 192,308)	( 3)

(continued)

Code		Year 2020		Year 2019	
		Amount	%	Amount	%
8370	Share of the other comprehensive loss of associates accounted for using the equity method	( 5,315 )	-	( 8,821 )	-
8399	Income tax relating to be items that may be reclassified subsequently to profit or loss	( 8,212 )	-	38,462	1
8360		<u>27,531</u>	-	( 162,667 )	( 2 )
8300	Other comprehensive income (loss) for the year, net of income tax	<u>1,099,896</u>	<u>19</u>	( 30,290 )	-
8500	Total comprehensive income of the year	<u>\$ 2,203,483</u>	<u>39</u>	<u>\$ 790,731</u>	<u>12</u>
	Earnings per share				
9710	Basic	<u>\$ 1.90</u>		<u>\$ 1.41</u>	
9810	Diluted	<u>\$ 1.89</u>		<u>\$ 1.41</u>	

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Asia Polymer Corporation and subsidiaries  
Consolidated statement of changes in equity  
For The Years Ended December 31, 2020 and 2019

(In Thousands New Taiwan Dollars)

Equity Attributable to Owners of the company

Code		Share Capital		Capital surplus	Legal reserve	Retained earnings		Other equity		Total equity
		Shares (In thousands)	Ordinary Shares			Special reserve	Unappropriated Earnings	Exchange differences on Translating the Financial Statements of Foreign Operations	Unrealized gains (loss) on Financial Assets at Fair Value Through Other comprehensive income	
A1	Balance on January 1, 2019	554,382	\$ 5,543,827	\$ 19,619	\$ 1,684,469	\$ 565,379	\$ 1,851,499	( \$ 59,292 )	( \$ 1,065 )	\$ 9,604,436
A3	Effects of retrospective application	-	-	-	-	-	( 855 )	-	-	( 855 )
A5	Balance at January 1, 2019 as Restated	554,382	5,543,827	19,619	1,684,469	565,379	1,850,644	( 59,292 )	( 1,065 )	9,603,581
B1	Appropriation of the 2018 of earnings	-	-	-	-	-	-	-	-	-
B5	Legal reserve	-	-	-	28,683	-	( 28,683 )	-	-	-
B5	Cash dividends distributed	-	-	-	-	-	( 166,315 )	-	-	( 166,315 )
C3	Reclassification of past dividends to capital surplus	-	-	3,087	-	-	-	-	-	3,087
C7	Changes in capital surplus form investments in associates accounted for using equity method	-	-	1,694	-	-	( 3,328 )	-	370	( 1,264 )
D1	Net profit for the year ended December 31, 2019	-	-	-	-	-	821,021	-	-	821,021
D3	Other comprehensive income (loss) for the year ended December 31,2019 net of income tax	-	-	-	-	-	4,063	( 162,667 )	128,314	( 30,290 )
D5	Total comprehensive income (loss) for the year ended December 31,2019	-	-	-	-	-	825,084	( 162,667 )	128,314	790,731
Q1	Disposition of instrument in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	29,680	-	( 29,680 )	-
Z1	Balance at December 31, 2019	554,382	5,543,827	24,400	1,713,152	565,379	2,507,082	( 221,959 )	97,939	10,229,820
B1	Appropriation of the 2019 earnings	-	-	-	-	-	-	-	-	-
B5	Legal reserve	-	-	-	85,058	-	( 85,058 )	-	-	-
B5	Cash dividend distributed	-	-	-	-	-	( 332,630 )	-	-	( 332,630 )
B9	Share dividend to distributed	27,719	277,191	-	-	-	( 277,191 )	-	-	-
C3	Reclassification of past dividends to capital surplus	-	-	901	-	-	-	-	-	901
C7	Changes in capital surplus form investments in associates accounted for using equity method	-	-	7,971	-	-	( 7,522 )	-	7,522	7,971
D1	Net profit for the year ended December 31, 2020	-	-	-	-	-	1,103,587	-	-	1,103,587
D3	Other comprehensive income (loss) for the year ended December 31,2020 net of income tax	-	-	-	-	-	1,263	27,531	1,071,102	1,099,896
D5	Total comprehensive income (loss) for the year ended December 31,2020	-	-	-	-	-	1,104,850	27,531	1,071,102	2,203,483
Q1	Disposition of instrument in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	( 19,351 )	-	19,351	-
Z1	Balance at December 31, 2020	582,101	\$ 5,821,018	\$ 33,272	\$ 1,798,210	\$ 565,379	\$ 2,890,180	( \$ 194,428 )	\$ 1,195,914	\$ 12,109,545

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Asia Polymer Corporation and Subsidiaries  
Consolidated statement of cash flows  
For The Years Ended December 31, 2020 and 2019  
(In Thousands of New Taiwan Dollars)

Code		Year 2020	Year 2019
	Cash flows from operating activities		
A10000	Income before income tax	\$ 1,285,411	\$ 984,841
A20010	Adjustments for:		
A20100	Depreciation expense	314,601	304,100
A20200	Amortization expense	35	35
A20400	Net (gain) loss on fair value change of financial assets at fair value through profit or loss	( 25,388 )	( 44,078 )
A20900	Interest expense	42,537	56,163
A21200	Interest income	( 7,682 )	( 14,876 )
A21300	Dividend income	( 104,544 )	( 83,146 )
A22300	Share of profit of associates	( 125,438 )	( 53,117 )
A22500	Loss on disposal of property, plant and equipment	-	20
A23200	Loss on disposal of investment using equity method	527	-
A23700	Reversal of write-down of inventories	( 408 )	( 4,039 )
A24100	Net loss (gain) on foreign currency exchange	( 2,813 )	4,534
A30000	Change in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at fair value through profit or loss	1,589,827	( 989,589 )
A31130	Notes receivable	-	472
A31150	Accounts receivable	48,844	115,232
A31160	Accounts receivable from related parties	( 40,524 )	9,347
A31180	Other receivables	( 2,387 )	( 28 )
A31190	Other receivable from related parties	1,990	( 1,545 )
A31200	Inventory	74,954	396,647
A31230	Prepayments	17,035	( 12,812 )
A31240	Other current assets	( 797 )	-
A32110	Financial liability held for trading	-	( 2,074 )
A32150	Accounts payable	104,151	( 123,334 )
A32160	Accounts payable from related parties	( 3,109 )	( 31,000 )
A32180	Other payables	13,092	47,298
A32190	Other payables from related parties	( 116,748 )	38,723
A32230	Other current liabilities	12,519	( 310 )
A32240	Net defined benefit liabilities	( 11,420 )	( 37,156 )

(continued)

Code		Year 2020	Year 2019
A33000	Cash generated from (used in) operations	3,064,265	560,308
A33100	Interest received	\$ 7,459	\$ 15,143
A33300	Interest paid	( 43,096)	( 55,801)
A33500	Income tax paid	( 150,282)	( 21,029)
AAAA	Net cash generated from (used in) operating activities	<u>2,878,346</u>	<u>498,621</u>
Cash flows from investing activities			
B00020	Proceeds from sale of financial assets at fair value through other comprehensive income-current	12,277	45,727
B00030	Capital reduction of financial assets at fair value through other comprehensive income	34,135	24,690
B00040	Acquisition of financial assets at amortized cost	( 42,648)	-
B01800	Acquisition of associates	( 783,964)	( 1,280,719)
B02400	Proceeds from capital reduction of investments accounted for using equity method	3,876	-
B02700	Payments of property, plant and equipment	( 284,827)	( 68,524)
B02800	Proceeds from disposal of property, plant and equipment	-	182
B03700	Decrease (increase) in refundable deposits	( 1)	2
B07600	Dividends received	131,573	147,795
B09900	Increase in other non-current assets	<u>13,314</u>	<u>( 31,618)</u>
BBBB	Net cash used in investing activities	<u>( 916,265)</u>	<u>( 1,162,465)</u>
Cash flows from financing activities			
C00100	Repayments of short-term borrowings	( 400,000)	( 250,000)
C00600	Proceeds from (repayments of) short-term bills payable	( 650,000)	50,000
C01600	Proceeds from long-term borrowings	5,400,000	12,500,000
C01700	Repayment of long-term borrowings	( 6,300,000)	( 11,650,000)
C03100	Decrease in guarantee deposit received	3,200	-
C04020	Repayment of the principal portion of lease liabilities	( 5,917)	( 5,864)
C04300	Increase (decrease) in other non-current liabilities	( 3,819)	1,249
C04500	Dividends paid to owners of the company	<u>( 332,685)</u>	<u>( 166,340)</u>
CCCC	Net cash generated from financing activities	<u>( 2,289,221)</u>	<u>479,045</u>

(continued)

Code		Year 2020	Year 2019
DDDD	Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	( <u>5,832</u> )	( <u>10,788</u> )
EEEE	Net decrease in cash and cash equivalents	( 332,972 )	( 195,587 )
E00100	Cash and cash equivalents at the beginning of the year	<u>938,616</u>	<u>1,134,203</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 605,644</u>	<u>\$ 938,616</u>

**Notice to Readers:**

The consolidated financial statement (Chinese version) of our company is audited by the CPA Cheng-Chun Chiu and CPA Hsiu-Chun Huang of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

## **Matters for Ratification and Discussion:**

### Proposal 2

Proposed by the Board

To ratify 2020 earnings distribution.

Description: 1. In 2020, the earnings after tax was NT\$1,077,977,030. After appropriating NT\$107,797,703 as the legal reserve, the distributable net profit of 2020 is NT\$970,179,327. By the end of 2020, the accumulated distributable earnings is NT\$2,782,381,258 and will be distributed as follows:

(1) Cash dividend: NT\$698,522,258, i.e.

NT\$1.2 per share.

(2) Stock dividend: NT\$116,420,370, i.e. NT\$

0.2 per share, or 20 shares

per 1,000 shares.

The unappropriated earnings after distribution will be NT\$1,967,438,630.

2. Please refer to p. 33, "Profit Distribution Table", for details.

3. According to this proposal, the profit of 2020



will first be distributed, and the insufficiency will be distributed from the profit of previous years.

4. The cash dividends allocated to each shareholder shall be rounded down to a whole dollar amount of New Taiwan Dollars, and the total amount of allocation will be subject to the actual amount allocated.
5. Please authorize the Chairman to set a target date for the distribution of cash dividends after the adoption of this proposal.

Resolution:

## Asia Polymer Corporation 2020 Profit Distribution Table

	expressed in NTD
Net profit before tax of 2020	1,280,754,006
Less: Income tax	(177,167,911)
Net profit of 2020	1,103,586,095
Less: Measuring the loss of equity instruments by fair value through other comprehensive gains and losses	(26,871,979)
Add: Retained earnings adjusted for the defined benefit plan after re-measurement	1,262,914
Earnings after tax of 2020	1,077,977,030
Less: Legal reserve	(107,797,703)
Distributable net profit of 2020	970,179,327
Add: Beginning unappropriated earnings	1,812,201,931
Accumulated distributable earnings at the end of 2020	2,782,381,258
Distributable items: (total issued shares:582,101,882)	
Cash dividend: 1.2/share	698,522,258
Stock dividend: 0.2/share	116,420,370
Total of distributable items	814,942,628
Unappropriated earnings at the end of 2020 transferred to the next year	1,967,438,630

Chairperson: Yih-Guei Wu    President: Pei-Ji Wu    Chief Accounting Officer: Cheng-shun Chen

## **Matters for Ratification and Discussion:**

### Proposal 3

Proposed by the Board

To approve the capitalization on stock dividends.

Description 1. To enrich operating capital, this proposal is made to have the stock dividends NT\$116,420,370 to be issued 11,642,037 new shares, par value at NT\$10 per share, to increase capital NT\$116,420,370.

2. Currently the paid-in capital is NT\$5,821,018,820 divided into 582,101,882 shares. After issuing new shares to increase capital, the paid-in capital will be NT\$5,937,439,190 divided into 593,743,919 shares.

3. The Board will set another target day for the issuance of stock dividend in this proposal. The dividend at 20 shares per 1,000 shares for the increased shares are determined based on the stake of shareholders registered in the List of Shareholders on the target day. Shareholders holding fractional shares after the increase may arrange to combine such shares together to meet the distribution requirements. The Chairman is authorized to contact specified person(s) to subscribe the uncombined fractional shares that are not combined at the face value and distribute such dividends in cash.

4. The rights and obligations of the new shares will be the same as all issued shares.
5. Should the terms and conditions of this proposal be requested to alter by the competent authority, it is proposed that the Board of Directors be authorized to take all required actions accordingly.

Resolution:

## **Matters for Ratification and Discussion:**

### Proposal 4

Proposed by the Board

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

Description :

1. Part of the “Parliamentary Rules for Shareholders’ Meetings” is amended for reference to the revised sample template for “XXX Co., Ltd. Rules of Procedure for Shareholders’ Meetings” based on the announcement of the Taiwan Stock Exchange and for the purpose of cooperating with the Company’s current practice.
2. The amendment to the “Parliamentary Rules for Shareholders’ Meetings” is shown in the next page.

Resolution :

**Asia Polymer Corporation**  
**The Amendment to the “Parliamentary Rules for Shareholders’**  
**Meetings”**

After amendment	Before amendment
<p>Article 3 (Convening shareholders meetings and shareholders meeting notices)  (omitted)  Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, or demerger of the corporation, any matter under Article 185, paragraph 1 of the Company Act, <u>Articles 26-1 and 43-6 of the Securities Exchange Act and Articles 56-1 and 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u> shall be itemized in the subjects to be described and the essential contents shall be explained in the notice to convene the shareholders meeting. None of the above matters may be raised by an extraordinary motion.  (omitted)</p>	<p>Article 3 (Convening shareholders meetings and shareholders meeting notices)  (omitted)  Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, or demerger of the corporation, <u>or</u> any matter under Article 185, paragraph 1 of the Company Act shall be itemized in the subjects to be described and the essential contents shall be explained in the notice to convene the shareholders meeting. None of the above matters may be raised by an extraordinary motion. <u>The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</u>  (omitted)</p>
<p>Article 9  (omitted)  The chair shall call the meeting to order at the appointed meeting time, <u>and announce relevant information of the number of non-voting shares and the number of shares in attendance, etc.</u>  However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.  (omitted)</p>	<p>Article 9  (omitted)  The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.  (omitted)</p>

<p>Article 11 (Shareholder speech) (omitted) <u>Report Items and matters unrelated to the proposals will not be put into discussion or vote.</u> Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed <u>3</u> minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. (omitted)</p>	<p>Article 11 (Shareholder speech) (omitted) Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed <u>5</u> minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. (omitted)</p>
<p>Article 14 (Election) The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected <u>and the names not-elected as directors and the number of votes obtained.</u> (omitted)</p>	<p>Article 14 (Election) The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected. (omitted)</p>

## Matters for Ratification and Discussion:

### Proposal 5

Proposed by the Board

To approve the permission of director for competitive actions.

Description : 1. Referring to Article 209 of the Company Act, “A director, who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”

2. Directors of the Company engage in business within the scope of business of the Company are tabulated below. Without harming the interest of the Company, it is proposed to allow their act in accordance with the Company Act.

Name of Directors	Concurrent Employers	Title
Independent Director Shang-Hong Shen	Partner Tech Corporation	Independent Director
Independent Director Dun-Qian Zheng	Advanced Energy Solution Holding Co., Ltd. ∙ Minson Integration, Inc.	Director
Pei-Ji Wu (Representative of Union Polymer International Investment Corporation)	Cypress Epoch Limited ∙ USIG (Shanghai) Co., Ltd. ∙ USI Management Consulting Corp.	Director
Han-Tai Liu (Representative of Union Polymer International Investment Corporation)	Dynamic Ever Investments Ltd. ∙ Ever Victory Global Ltd. ∙ Taita Chemical Company, Limited ∙ Taiwan	Director



	VCM Corporation 、 China General Plastics Corp. 、 Continental General Plastics (ZhongShan) Co.,Ltd 、 Swanson Plastics Corporation 、 INOMA Corporation 、 USI Education Foundation	
Yi-Shao Ke (Representative of Taiwan Union International Investment Corporation)	UPCM Trading (Thailand) Co., Ltd. 、 UPCM Trading (Vietnam) Co., Ltd.	Director

Resolution :

### **III. Extemporaneous Motions**

### **IV. Meeting Adjournment**

# Appendix 1

## **Parliamentary Rules for Shareholders' Meetings of Asia Polymer Corporation (before amendment)**

Amended on June 12, 2020

### Article 1

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

### Article 2

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

### Article 3

(Convening shareholders meetings and shareholders meeting notices)

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

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

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

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

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

A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. A shareholder proposal proposed for urging a company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission in writing or by way of electronic transmission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

#### Article 4

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

#### Article 5

(Principles determining the time and place of a shareholders meeting)

The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

#### Article 6

(Preparation of documents such as the attendance book)

This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

## Article 7

(The chair and non-voting participants of a shareholders meeting)

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

When a director serves as chair, as referred to in the preceding paragraph, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by the directors. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

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

## Article 8

(Documentation of a shareholders meeting by audio or video)

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

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

## Article 9

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

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

postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

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

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

## Article 10

(Discussion of proposals)

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Any extemporaneous motion(s) and/or the amendment(s) to the original proposal(s) shall be resolved. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

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

## Article 11

(Shareholder speech)

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

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

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

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

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

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

## Article 12

(Calculation of voting shares and recusal system)

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

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

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

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

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

## Article 13

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

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

A shareholder intending to exercise voting rights by correspondence or electronic means under the



preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

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

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

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

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

#### Article 14

##### (Election)

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

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a

shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

#### Article 15

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

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

#### Article 16

(Public disclosure)

On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

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

#### Article 17

(Maintaining order at the meeting place)

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

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

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

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

#### Article 18

##### (Recess and resumption of a shareholders meeting)

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

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

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

#### Article 19

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

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

## Appendix 2

### Articles of Incorporation of ASIA POLYMER CORPORATION

#### Section 1. General Provisions

- Article 1: The Company is incorporated under the Company Act of the Republic of China and named “亞洲聚合股份有限公司” and “ASIA POLYMER CORPORATION” in English.
- Article 2: The scope of the Company’s business is specified as follows:
1. Manufacturing, Fabricating & Sales of Low Density Polyethylene Resins.
  2. Manufacturing, Fabricating & Sales of Medium Density Polyethylene Resins.
  3. Sales of High Density Polyethylene Resins.
  4. Sales of Linear Low Density Polyethylene Resins.
  5. Manufacturing, Fabricating & Sales of Ethylene Vinyl Acetate Copolymer Resins.
  6. Manufacturing & Sales of Degradable Plastic Resins.
  7. F113010 Wholesale of Machinery.
  8. ZZ99999 Other than business requiring special approval, any business not prohibited or restricted by laws or regulations.
- Article 2-1: The Company’s total investment may be exempted from the restriction for no more than 40% of the paid-in capital prescribed by Article 13 of the Company Act.
- Article 2-2: The Company may make endorsement/guarantee externally due to the Company’s business needs or investment needs. The endorsement/guarantee shall be signed by the Chairman on behalf of the Company and comply with the Company’s operating procedure for making endorsement/guarantee.
- Article 3: The Company’s head office is situated in Kaohsiung City, Taiwan, the R.O.C., and, when necessary, may set up branches, offices and factories considered by the Company as adequate for promoting its business.
- Article 4: Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

#### Section 2. Stocks

- Article 5: The total capital stock of the Company shall be in the amount of NT\$6,200,000,000, divided into 620,000,000 common shares, at a par value of NT\$10 per share, and may be issued in installments.
- Article 5-1: For the shares to be issued to the public by the Company, the Company may be exempted from printing any share certificate for the shares issued, shall register the issued shares with a centralized securities depository enterprise, printing any share certificate for the shares issued. The Company’s share certificates shall be registered and affixed with the signatures or personal seals of the directors representing the Company, be assigned with serial numbers, and certified by the law prior to issuance.
- Article 6: The Company’s handling of it’s shareholders services shall comply with the “Regulations

Governing the Administration of Shareholder Services of Public Companies” prescribed by the competent securities authority’s.

Article 6-1: (Deleted)

Article 6-2: The transfer of shares shall not be registered within 60 days prior to the convening date of a general shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within five (5) days prior to the record date fixed by the Company for distribution of dividends, bonus or other benefits.

### **Section 3. Shareholders’ Meeting**

Article 7: (Deleted)

Article 8: Convening of a general shareholders’ meeting shall be notified thirty (30) days ago. Convening of a special shareholders’ meeting shall be notified fifteen (15) days ago.

Article 9: Resolutions at a shareholders’ meeting shall, unless otherwise provided for in Company Act or other laws, be adopted by a majority of eligible votes of the shareholders present, who represent more than a majority of the total issued shares. A shareholder who exercises his/her/its voting power at a shareholders meeting by way of electronic transmission shall be deemed to have attended said shareholders' meeting in person. The related matters shall be implemented in accordance with laws.

Article 9-1: Where any shareholder fails to attend a shareholders’ meeting, he/she/it may appoint a proxy, pursuant to the Company Act and “Regulations Governing the Use of Proxies for Attendance at Shareholders’ Meeting of Public Companies”\_prescribed by the competent securities authority’s, to attend a shareholders' meeting on his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy.

Article 10: Unless otherwise provided for in under laws or the Articles, each of shares held by each shareholder shall have the right to one (1) vote.

### **Section 4. Directors and Audit Committee**

Article 11: The Chairman of the Board of Directors shall be elected from among the directors pursuant to Article 208 of the Company Act. The chairman of the Board of Directors shall internally preside the shareholders' meeting and the directors' meeting, and shall externally represent the Company except as otherwise provided for in laws.

A candidates nomination system shall be adopted by the Company for election of independent directors and non-independent directors. The Company shall have 9~11 directors who shall be elected by the shareholders' meeting from among the name list of candidates.

The term of a Director is three years and may be eligible for re-election.

The total shares of the Company’s registered share certificates held by the whole directors shall be no less than the proportion prescribed by the Securities and Exchange Act.

Article 11-1: The directors referred to in the preceding Article shall include at least three (3) independent directors.

The professional qualifications, shares held, restrictions on concurrent positions held, method of nomination and election, and other matters for compliance with respect to

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

- Article 11-2: The Company shall establish an Audit Committee pursuant to the Securities and Exchange Act, which shall consist of all independent directors of the Company. The Audit Committee or the committee members shall be responsible for exercising a supervisor's power prescribed by the Company Act, Securities and Exchange Act, and other related laws.
- Article 11-3: The Company's Board of Directors may establish other functional committees. The articles of association thereof shall be established by the Board of Directors.
- Article 12: Directors' meetings shall be convened by the Chairman, except as otherwise provided for in laws. The convener shall notify each director of the agenda within seven (7) days prior to the meeting. However, in the case of emergency, the meeting may be convened at any time.  
A directors' meeting may be convened in writing or by electronic transmission .
- Article 13: Where any director fails to attend a director s' meeting, he/she may authorize another director in writing to attend the directors' meeting on behalf of him/her pursuant to laws, provided that a director may accept the appointment to act as the proxy of one other director only. The documentation of the appointment form a part of the meeting minutes and shall be well preserved by the Company.
- Article 14: Resolutions at a directors' meeting shall, unless otherwise provided for in laws or the Articles, be adopted by a majority of eligible votes of the directors at a meeting attended by a majority of the whole directors.
- Article 15: The functions of the Board of Directors shall be implemented in accordance with the Company Act and other related laws.
- Article 15-1: The amounts of remuneration to directors shall be determined by the shareholders' meeting based on the rate prevailing in fellow companies and the directors' participation in and contribution to the Company's operation, regardless of whether or not the Company operates of profit. If a director serves other position concurrently in the Company, he/she may be remunerated with salary according to general standard.
- Article 15-2: The Board of Directors has set up a Secretariat of the Board dedicated to handling the affairs related to the Board of Directors.

## **Section 5. Managerial Personnel**

- Article 16: Job title, appointment, discharge and remuneration of the Company's managerial personnel, if any, shall be decided by a majority of the directors present at a meeting attended by a majority of the whole directors.
- Article 17: The Company's managerial personnel shall process the Company's routine affairs per the resolution made by a directors' meeting.
- Article 17-1: The Company may purchase liability insurance against the damages to be borne by directors and officers with respect to the scope of business carried out by them during their term of office.

## **Section 6. Final Accounts**

Article 18: If the Company retains earnings in the current year, it shall allocate the compensation to directors and employees. The compensation to directors shall be no more than 1% of the earnings gained in the current year, while the compensation to employees shall be no less than 1% of the earnings. Notwithstanding, if the Company retains accumulated losses, it shall reserve the amount to be covered in advance.

Said compensation to employees may be allocated in the form of shares or in cash, compensation for employees may also be distributed to employees of companies controlled by or affiliated to this Company. The specific requirements shall be defined by the Board of Directors.

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

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

Article 19: The Company's fiscal year shall commence from January 1 until December 31 of each year. The Board of Directors shall prepare the following reports at the end of each fiscal year and send them to the general shareholders' meeting for recognition:

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

## **Section 7. Bylaw**

Article 20: Any matters not covered herein shall be implemented in accordance with the Company Act and related laws of the R.O.C.

Article 21: The Articles of Incorporation was established on November 30, 1976. (following content omitted)\_35<sup>th</sup> amendments hereto were made on June 24, 2019.

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

## Appendix 3

### ASIA POLYMER CORPORATION

#### Stake of Directors

Title	Name	Stake
Chairperson	Yi-Gui Wu (Representative of Union Polymer International Investment Corporation)	210,044,924
Director	Guo-Hong Li (Representative of Union Polymer International Investment Corporation)	
Director	Pei-Ji Wu (Representative of Union Polymer International Investment Corporation)	
Director	Han-Tai Liu (Representative of Union Polymer International Investment Corporation)	
Director	Hong-Chu Wu (Representative of Union Polymer International Investment Corporation)	
Director	Yi-Shao Ke (Representative of Taiwan Union International Investment Corporation)	21,979,426
Independent Director	Da-Xiong Chen	0
Independent Director	Shang-Hong Shen	0
Independent Director	Dun-Qian Zheng	0
Total Stake of Directors		232,024,350
Stake by Law of Directors		18,627,260

Note: 1. The said stake is the number of shares registered in the List of Shareholders dated by the book closure date (April 13) of the 2021 AGM.

2. The total issued shares of APC are 582,101,882 shares.



## Appendix 4

### The Impact of Stock Dividend Issuance on Business Performance, EPS, and ROE: No estimates should be disclosed as no financial forecast was made for 2021.

Item	Year	2021 (Estimates)	
Beginning paid-in capital		NT\$5,821,018,820	
Stock dividend of the year (Note 1)	Cash dividend per share	NT\$1.2	
	Stock dividend per share for capitalization with earnings.	0.02 share	
	Stock dividend per share for capitalization with capital reserve.	0 share	
Impact on business performance	Operating income	N/A (Note 2)	
	Rate of increase (decrease) of operating income YOY		
	Net profit after tax		
	Rate of increase (decrease) of net profit after tax YOY		
	EPS		
	Rate of increase (decrease) of EPS YOY		
	Average ROI (reciprocal of average price-earnings ratio (PER))		
Proposed EPS and PER	If issuing dividends in cash for capitalization with earnings		Proposed EPS
			Proposed annual average ROI
	If no capitalization with legal reserve		Proposed EPS
			Proposed annual average ROI
	If issuing dividends in cash for capitalization with earnings without capitalization with legal reserve		Proposed EPS
			Proposed annual average ROI

Note 1: Dividend distribution for 2020 is shown according to the profit distribution proposal resolved by the Board on March 5, 2021.

Note 2: APC does not conduct open financial forecast of any kind, and the information relating to the impact on business performance, proposed EPS and PER are not applicable.

1. The company shall present all basic assumptions for estimates or proposed data.
2. Proposed EPS for issuing dividends in cash for capitalization with earnings.  

$$= \frac{[\text{Net profit after tax} - \text{Imputed interest for cash dividends}^* \times (1 - \text{Tax rate})]}{[\text{Total Issued Shares by End of Year} - \text{Number of Shares with Dividends}^{**}]}$$

Imputed interest for cash dividends\* = Amount of capitalization with earnings x General interest rate for one-year loan  
 Number of Shares with Dividends\*\*: The number of shares increased from the stock dividends in the previous year.
3. Annual PER: Annual Average Market Price Per Share ÷ EPA in the Annual Financial Statement

Chairperson:

Manager:

Case Officer:

## Appendix 9

### **Description of shareholders proposals:**

1. Referring to Article 172-1 of the Company Act: “Shareholder(s) holding one per cent (1%) or more of the total number of outstanding shares of a company may make a proposal for discussion at a general meeting of shareholders, provided that only one matter shall be allowed in each single proposal of not more than 300 words.”
2. The acceptance period of proposals from shareholders for the 2021 AGM is from April 4, 2021 to April 14, 2021. All proposals were disclosed on the Market Observation Post System by law on March 23, 2021.
3. No proposal from shareholder was received during the said period.