

Stock Code: 2108

**南帝化學工業股份有限公司**  
**NANTEX INDUSTRY CO., LTD.**

**2021 Annual General Shareholders' Meeting**

**Meeting Handbook**

**Time of Meeting:** 10:00 a.m., June 15, 2021  
**Location of Meeting:** No. 261, Nanmen Road, Tainan City  
The Labor Recreation Center, Tainan  
City

# Table of Contents

<b>I.</b>	<b>Meeting Procedure</b>	<b>1</b>
<b>II.</b>	<b>Report Items</b>	<b>2</b>
<b>III.</b>	<b>Ratification Items</b>	<b>5</b>
<b>IV.</b>	<b>Discussion Items</b>	<b>6</b>
<b>V.</b>	<b>Attachments</b>	
	<b>1. Business Report</b>	<b>8</b>
	<b>2. Audit Committee’s Review Report</b>	<b>14</b>
	<b>3. Independent Auditor's Report and 2020 Financial Statements</b>	<b>15</b>
	<b>4. 2020 Earnings Distribution Table</b>	<b>35</b>
	<b>5. “Rules of Procedure for Board of Directors Meeting” Provision Amendment Comparison Table</b>	<b>36</b>
	<b>6. Code of Ethical Conduct</b>	<b>38</b>
	<b>7. “Articles of Incorporation” Provision Amendment Comparison Table</b>	<b>40</b>
	<b>8. “Rules of Procedure for Shareholders Meeting” Provision Amendment Comparison Table</b>	<b>42</b>
	<b>9. Procedures for Election of Directors (re-establishment)</b>	<b>45</b>
<b>VI.</b>	<b>Appendix</b>	
	<b>1. Rules of Procedure for Shareholders Meeting (before amendment)</b>	<b>47</b>
	<b>2. Articles of Incorporation (before amendment)</b>	<b>54</b>
	<b>3. Minimum Shareholding Requirements for All Directors and Shareholding of Individual Directors</b>	<b>60</b>

# **NANTEX INDUSTRY CO., LTD.**

## **2021 Annual Regular shareholders meeting Procedure**

- I. Call the Meeting to Order (report the number of shares represented by attending shareholders)**
- II. Chairperson's Remarks**
- III. Report Items**
  - (1) 2020 Business Report of the Company.
  - (2) Report on Audit Committee's Review of 2020 Financial Statements of the Company.
  - (3) Report on 2020 distribution of remuneration of employees and directors.
  - (4) Report on endorsement and guarantee total amount related to businesses of the Company made by the Company and subsidiaries.
  - (5) Report on status of loaning of funds to others related to the business of the Company made by the Company and subsidiaries.
  - (6) Report on amendment to the "Rules of Procedures for Board of Directors Meeting" of the Company.
  - (7) Report on amendment to the "Code of Ethical Conducts" of the Company.
  - (8) Report on 2020 distribution of earnings and cash dividends status of the Company.
  - (9) Other report matters.
- IV. Ratification Items**
  - (1) Adoption of 2020 Financial Statements and proposal for distribution of earnings.
- V. Discussion Items**
  - (1) Discussion on the proposal of amendments to the "Articles of Incorporation" of the Company.
  - (2) Discussion on proposal for amendments to the "Rules of Procedure for Shareholders Meetings" of the Company.
  - (3) Discussion on proposal for abolishment of the "Regulations for Election of Directors" and "re-establishment of "Procedures for Election of Directors".
- VI. Extraordinary Motions**
- VII. Adjournment**

# Report Items

**(1) Report Item: 2020 Business Report of the Company. (Please refer to pages 6~9 of this Handbook)**

**(2) Report Item: Report on Audit Committee's Review of 2020 Financial Statements of the Company. (Please refer to page 10 of this Handbook)**

Description: The 2020 unconsolidated and consolidated financial statements have been audited and certified by certified public accountants (CPA), and together with the business report and earnings distribution table have been reviewed by the Audit Committee completely.

**(3) Report Item: Report on 2020 distribution of remuneration of employees and directors.**

Description:

1. With respect to the resolution of the board of directors meeting dated March 17, 2021, according to the Articles of Incorporation of the company, an amount of NT\$ 86,784,942 is distributed as the employee remuneration and an amount of NT\$ 130,177,412 is distributed as the remuneration of directors in 2020, all distributed in cash.
2. The total difference between the aforementioned amounts of resolution and the employee remuneration of NT\$ 86,936,500 and the remuneration of directors of NT\$ 130,404,750 recognized in 2020 financial statements is NT\$ 378,896. This mainly refers to the difference in the income before tax estimation; therefore, it is to be adjusted as the 2021 profit/loss.

**(4) Report Item: Report on endorsement and guarantee total amount related to businesses of the Company made by the Company and subsidiaries.**

Description: Up to the date of December 31, 2020, there are no endorsements and guarantees made by the Company. Except where the subsidiary, Intermedium

International Ltd. (B.V.I.), invested in Bao Minh Textile and Garment Joint Stock Company (Vietnam), and an endorsement /guarantee amount made according to the investment was NT\$ 91,069 thousand dollars (US\$ 3,197,650), and the actual amount drawn was NT\$ 66,572 thousand dollars (US\$ 2,337,500).

**(5) Report Item: Report on status of loaning of funds to others related to the business of the Company made by the Company and subsidiaries.**

Description: Up to the date of December 31, 2020, the loaning of funds to others related to the business of the Company made by the Company and subsidiaries is zero.

**(6) Report Item: Report on amendment to the “Rules of Procedures for Board of Directors Meeting” of the Company.**

Description:

1. Amend relevant provision content according to the amendment of laws and regulations of the competent authority.
2. For the comparison table of provisions of amendment, please refer to page 32 of this manual.
3. This proposal has been approved through the resolution of the board of directors meeting on August 10, 2020 of the Company.

**(7) Report Item: Report on amendment to the “Code of Ethical Conducts” of the Company (Please refer to pages 33~34 of this Handbook)**

Description:

1. Establish provision content according to the laws and regulations of the competent authority.
2. This proposal has been approved through the resolution of the board of directors meeting on November 10, 2020 of the Company.
- 3.

**(8) Report Item: Report on 2020 distribution of earnings and cash dividends status of the Company.**

Description: 1. The amendment of the Articles of Incorporation has been approved by the shareholders’ meeting through

resolution on June 16, 2020, in order to authorize the board of directors to execute the distribution of earnings in cash via special resolution of the board of the directors.

2. The board of directors of the Company approved the 2020 cash dividends distribution through resolution, and the cash dividend of NT\$4.0 per share is to be issued, for a total cash dividend issuance amount of NT\$ 1,969,666,636. The fractional amount of the cash dividends less than NT\$ 1 dollar in this distribution is recorded as other income of the Company.
3. Through the resolution of the board of directors' meeting dated March 17, 2021, the Company has set the Record Date to be: April 13, 2021, and the Issuance Date of: May 7, 2021, and the distribution of cash dividend is to be executed.

4.

**(9) Report Item: Other report matters, submitted for review.**

Description: Pursuant to Article 172-1 of the Company Act, shareholder(s) holding one percent (1%) or more of the total number of issued shares of a company may propose to the company a proposal for discussion at a regular shareholders meeting. The current proposal acceptance period is from April 9, 2021 to April 19, 2021, and the Company receives no proposals submitted by the shareholders.

# Ratification Items

**(1) Report Item: Adoption of 2020 Financial Statements and proposal for distribution of earnings, proposed for ratification. (Proposed by the Board of Directors)**

- Description:
1. The 2020 Business Report, Financial Statements and proposal for distribution of earnings of the Company have been approved by the board of directors' meeting through resolution on March 17, 2020, of which the Financial Statements have been audited by CPAs and submitted with the Business Report and proposal for distribution of earnings to the Audit Committee for review completely. The review report has also been issued and submitted for ratification.
  2. Please refer to pages 11~31 of this Handbook for 2020 Financial Statements and proposal for distribution of earnings.

Resolution:

## Discussion Items

**(1) Report Item: Discussion on the proposal of amendments to the “Articles of Incorporation” of the Company, submitted for resolution. (Proposed by the Board of Directors)**

- Description:
1. To satisfy the operational needs of the Company, the capital is proposed to be increased to NT\$6 billion, and the shares are to be issued at discrete times. In addition, the number of seats of directors are to be increased to 7 to 20 directors.
  2. Please refer to page 35 of this Handbook for the comparison table of provisions before and after amendment.
  3. This proposal has been approved by the Company’s board of directors’ meeting through resolution on March 17, 2021.

Resolution:

**(2) Report Item: Discussion on amendments to the “Rules of Procedure for Shareholders Meetings” of the Company. (Proposed by the Board of Directors)**

- Description:
1. Proposal on amendment to the Rules in order to comply with the laws and regulations of the competent authority and to enhance corporate governance as well as to protect the interests of shareholders.
  2. Please refer to pages 36~37 of this Handbook for the comparison table of provisions before and after amendment.
  3. This proposal has been approved by the Company’s board of directors’ meeting through resolution on March 17, 2021.

Resolution:

**(3) Report Item: Discussion on proposal for abolishment of the “Regulations for Election of Directors” and “re-**



**establishment of “Procedures for Election of Directors”, proposed for resolution. (Proposed by the Board of Directors)**

- Description:
1. Proposal on the establishment of “Procedures for Election of Directors’ in accordance with the laws and regulations of the competent authority.
  2. Please refer to page 38 of this Handbook for the re-establishment of the Procedures for Election of Directors of the Company.
  3. This proposal has been approved by the Company’s board of directors’ meeting through resolution on March 17, 2021.

Resolution:

## **Extraordinary Motions:**

## **Adjournment:**

# Business Report

Dear Shareholders,

Looking back on the year of 2020, under the impacts of the trade sanctions implemented between the U.S. and China and the COVID-19 pandemic, the global economic demand was nearly at halt and the growth dynamics were weak. In addition, due to the certain factors of severe fluctuation and plunging of international crude oil price and raw material, etc., the Company faced tremendous challenges. Nevertheless, with the key raw material price drop and increasing market demand for latex, the sales price was driven to rise up, such that the Company's gross profit increased. With the joint effort and contribution of the entire management team, the Company was able to achieve significant growth in both revenue and profit.

## **<One. 2020 Business Report >**

### **1. Financial Results:**

The consolidated revenue of the Company for the whole year was NT\$ 14.403 billion, an annual increase of approximately 16.2%. The revenue of Linyuan Plant reached NT\$ 8.286 billion, an annual increase of approximately 19.1%. The revenue of Zhenjiang Plant was NT\$ 5.150 billion, an annual increase of approximately 10.0%. For the invested Nanmat Technology Co., Ltd., the whole-year revenue was NT\$ 998 million, an annual increase of approximately 31.5%. The unconsolidated income before tax of the Company for the year was NT\$ 4.122 billion, net income after tax was NT\$ 3.549 billion, return on equity was 36.9%, return on asset was 31.4%, and the basic earnings per share was NT\$ 7.21. The consolidated income before tax was NT\$ 4.706 billion, net income after tax was NT\$ 3.62 billion (including minority holding of NT\$ 71 million), return on equity was 36.1%, return on asset was 28.9% and the basic earnings per share was NT\$ 7.21.

### **Synthetic latex**

Synthetic latex is the key product line of Nantex, and it is mainly composed of NBR latex and can be used for the production of various types of glove products. With outstanding quality and highly efficient production and technology as the core of the business, the Company has received recognition for brand reputation and established solid

foundation. Under the impact of 2020 COVID-19 pandemic, the demand for gloves and various types of personal protection equipment has increased dramatically, allowing Nantex to obtain an advantageous position in the market. Although synthetic latex is not the most important product of Zhenjiang Nantex, with its capability to supply NBR latex, Zhenjiang Nantex also obtains an advantageous position in the market for satisfying the market's urgent demand for latex.

### **NBR rubber**

Despite that under the impact of the COVID-19 pandemic, countries worldwide have implemented different levels of city lockout, nonetheless, Linyuan with its main business of export of rubber has not been affected significantly. In addition, the improvement of the pricing strategy also allows the Company to maintain its profit in the rubber business during such tough period. For Zhenjiang Nantex, the rubber business decreased at the beginning of the year under the impact of city lockout due to the pandemic, nevertheless, with the lifting of the city lockout restriction, the rubber business started to recover and the demand also indicated significant growth.

### **Thermoplastic Vulcanizate (TPV) /Carbon Master Batch (CMB)**

Regardless whether it is for past or future business, Nantex's TPV and CMB businesses are closely related to the auto industry. However, due to the impacts of city lockout and economic recession, the vehicle sales volume dropped rapidly and caused the raw material demand to decrease, and the demands for TPV and CMB were also affected. Nevertheless, such decline is expected to be temporary, and after the economic condition gradually recovers, the automotive and other durable material sales volumes will also increase along with such recovery. Accordingly, we expect to see a significant growth in Nantex's TPV and CMB business in the upcoming year.

## **2. Research and Development Status:**

In 2020, the research and development expense of Linyuan Plant was NT\$ 87.43 million, accounting for approximately 1.1% of the revenue, an increase from last year.

### **Synthetic latex**

The Company will continue to cooperate with customers to develop new products in order to strengthen the competitiveness of the Company, and will also further reduce production cost, reduce process recycle and promote reuse of wastes based on the currently existing process while

increasing the product quantity to satisfy the market demands driven by the pandemic.

#### **NBR rubber**

The development of high (or ultrahigh) acrylonitrile rubber will be completed in stages such that the Company will continue to cooperate with customers in the development of eco-friendly NBR rubber for bonding purposes and to expand the technology application developments of flexible electronic boards, LED applications and high-end mobile phone bonding agent, etc., and will continue to provide trial use of new products for customers.

#### **Thermoplastic Vulcanizate (TPV)**

The Company will continue to develop value-oriented products and will be dedicated in the development of new customers in the new market applications.

#### **Carbon Master Batch (CMB)**

The Company researches and develops blend glue of wet blending NBR/PVC and new applications for fusion grade NBR/PVC blend glue in textile have been developed.

### **3. Financial Revenue/Expenditure Analysis:**

The financial policy of the Company has always adhered to the principle of stable and steady growth. With continuous shortening of account recovery period, the currently available financial fund is sufficient to cope with the future needs, such that the financial fund is ample and without any shortage. With regard to the financial structure, the debt-to-equity ratio is approximately 16:84, i.e. the Company's own fund is sufficient and the corporate risk exposure level is low. The current ratio and quick ratio reach 298.5% and 256.0% respectively, indicating that the Company's liquidity is excellent, and the capital turnover is relatively flexible.

## **<Two. 2021 Business Plan Overview>**

### **1. Business Plan:**

Looking into the new year of 2021, as the world continues to learn how to cope and co-exist with the adverse impacts of the virus and pandemic, the economy is expected to gradually recover and the consumer dynamics and economy will continue to increase and grow. The year of 2021 will be a year of transition. The increasing vaccination rate is expected to achieve the goal of herd immunity, and people will

eventually learn how to co-exist with the virus. If we were to say that the world has become a safer place now and the use of gloves and personal protective equipment is no longer necessary, it would be a hasty and improper conclusion. Nevertheless, the global pandemic has promoted the governments and people of countries worldwide in the understanding of the importance and necessity of improvement of medical standards.

### **Synthetic latex**

As countries around the globe continue to fight against the COVID-19 pandemic, tremendous business opportunities are also driven by such countermeasures against the pandemic. Nantex's goal to increase sales volume and profit has not be changed and the Company will continue to establish solid relationship with customers based on the mutual benefits, which is also in line with the fundamental principle and philosophy of the brand of Nantex.

### **NBR rubber**

Some business partners of Nantex have been severely affected by the pandemic during such harsh period. However, as the pandemic is mitigated, different markets and economies will start to recover, and the loss due to the reduction of business associated with such business partners will also be covered. Based on the consideration that the expected exchange rate trends of certain currencies may be different from the expectation, the business of the Company will also focus on continuous and timely adjustments according to such trends.

### **Thermoplastic Vulcanizate (TPV) /Carbon Master Batch (CMB)**

The economies at some regions have started to recover at the end of 2020, such that the demands for TPV and CMB have also been driven to grow. As the demand increases, Nantex has also resumed the collaborative development of new products with customers. Accordingly, this is also the key to the significant and stable growth of the TPV and CBM business in the future.

## **2. Estimated Production and Sales:**

For the main product sales volume in 2021, it is estimated that the sales of synthetic latex of Linyuan Plan can reach 264 thousand tons, NBR rubber can reach approximately 9.7 thousand tons. For Zhenjiang Plant, the sales of synthetic latex is estimated to be approximately 66 thousand tons and the sales of NBR rubber is estimated to be approximately 41 thousand tons.

## **<Three. Overall Economic Environment and Company Industry Trend Analysis>**

### **1. Overall Economic Environment:**

Looking into the year of 2021, the impact of the pandemic is expected to be mitigated. In addition, based on the consideration of the impacts of the low base period factors, return of parts of production lines back to Taiwan and the increasing demand for new emerging technologies, the Taiwan export performance will continue to show significant growth. Furthermore, with the preventive interest rate cuts in the U.S. and various finance and economy stimulating policies implemented by all major countries, it is expected that the global economic growth in 2021 will be better than 2020. Nevertheless, due to the impact of the violent fluctuation of oil price and based on the consideration that the level of impact of the conflict between the U.S. and China on Taiwan's economy is still significant, the challenges and changes of the future economic environment are still expected to be severe.

### **2. Industry Trend:**

The significant role of NBR gloves during the pandemic period must not be underestimated. In addition, even for the post-pandemic period when the condition is mitigated, it is expected to have certain importance in the market. Similarly, the demand for NBR latex as the raw material necessary for the manufacturing of gloves can be expected to show continuously growth and expansion. Nonetheless, with the development of the industry, new competitors in the market and available production quantity will continue to grow, and the competition may become more severe and intense. Nantex aims to maintain its competitiveness in the NBR latex products based on the product quality and pricing strategy in order to maintain the Company's growth while continuing its influential power in the industry.

For NBR rubber, the greatest future challenge for the Company will be related to the electrification development in the auto industry. As the process of electrification continues to advance, Nancar NBR rubber will also have to undergo a certain level of advancement in order to improve its physical property and importance, and such trend is also true for Nancar CMB and Dynaprene TPV. All of these products will need to be improved in order to face the challenges in the new era.

## **<Four. Future Development Strategy>**

**1. Professional Sprout and Resource Development Strategy:**

Use the existing core technology platform for emulsion polymerization and plastic rubber TPV to derive different customized materials, high-value distinctiveness, refinement or intelligent materials, and expand applications to different fields, in order to achieve greater quality performance and after-sale service, and continuous competition advantages in professional consultation and product/service system integration.

**2. Regional Market-Oriented Development Strategy:**

Starting from the innovation of finished product application, equipment processing and raw material design, implement traditional industry characterization, manufacturing industry integrated with service, service industry integrated with technology and international standards as well as develop patent portfolio or obtain certification and verification. In addition, through the expansion of brand channels, Nantex looks forward to develop its business in greater markets.

We sincerely appreciate all shareholders for the long-term support and feedbacks. The management team will continue to uphold the attitude of “Continuous Improvement, Excel for Excellence” in the operation of the Company with best effort. We expect that the business of the Company will continue to grow sustainably and profitably.

**Responsible Person:      Managerial Officer:      Accounting Manager:**

NANTEX INDUSTRY CO., LTD.  
Audit Committee's Review Report

The board of directors has prepared the 2020 business report, standalone and consolidated financial statement and earnings distribution proposal, in which the standalone and consolidated financial statement have been audited and certified by PricewaterhouseCoopers Taiwan, and unqualified opinion audit report has been issued. The aforementioned Business Plan, Standalone and Consolidated Financial Statements and Earnings Distribution table have been Audit by the Audit Committee, considering it to be of conformity. Accordingly, report is prepared as disclosed above according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

NANTEX INDUSTRY CO., LTD.  
Chairman of the Audit Committee

March 17, 2021



## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of NANTEX INDUSTRY CO., LTD.

**Opinion**

We have audited the accompanying consolidated balance sheets of NANTEX INDUSTRY CO., LTD. and subsidiaries (the "Group") as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

**Basis for opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards 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 Group's 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2020 consolidated statements are stated as follows:

**Evaluation of inventories**Description

Refer to Note 4(9) for description of accounting policies on inventories, Note 5 for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(4) for description of inventory. As of December 31, 2020, the balances of inventories and allowance for inventory valuation losses were NT\$1,011,580 thousand and NT\$57,999 thousand, respectively.

The Group is primarily engaged in the manufacturing, processing and sales of various types of latex, rubber and related products. As the Group's inventories are mostly chemicals, they are subject to deterioration and fluctuations in worldwide raw material prices. Since measurement of net realisable

value for inventories involves subjective judgment resulting in a high degree of estimation uncertainty, we considered evaluation of inventories a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Examined whether the evaluation of inventories was implemented based on the Group's accounting policies, and assessed the reasonableness of policies and procedures related to the provision for inventory valuation losses.
- B. Assessed the appropriateness of provision for inventory valuation loss based on our evaluation and sampling on related documents related to the net realisable value of inventories.

#### **Cut off of operating revenue recognition from export sales in Taiwan region**

##### Description

Refer to Note 4(24) for accounting policies on revenue recognition.

The Group is engaged in domestic and international sales. Since there are numerous daily revenues from Taiwan region and transaction terms made with foreign customers are different, which involve significant risk in relation to inappropriate revenue recognition timing, we identified cutoff of operating revenue recognition from export sales in Taiwan region a key audit matter.

##### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Inspected sales contracts and orders to ensure whether sales revenue was recognised in the appropriate period based on transaction terms.
- B. Obtained details of operating revenue from export sales, and sampled and verified supporting documents (such as customer orders, delivery orders and export declarations) in order to verify whether operating revenue from export sales was recognised in an appropriate period.

#### **Other matter – Parent company only financial reports**

We have audited and expressed an unqualified opinion on the parent company only financial statements of NANTEX INDUSTRY CO., LTD. as at and for the years ended December 31, 2020 and 2019.

#### **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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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 generally accepted auditing standards 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 generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- A. 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.
- B. 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.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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.
- E. 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.
- F. 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 audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope

and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

Lin, Tzu-Shu

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

March 17, 2021

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 4,841,191	34	\$ 3,109,762	29
1136	Current financial assets at amortised cost	6(1)(2) and 8	1,777,310	12	1,404,920	13
1150	Notes receivable, net	6(3)	170,601	1	169,508	2
1170	Accounts receivable, net	6(3) and 12	2,244,529	16	1,305,801	12
1200	Other receivables		74,500	-	89,794	1
130X	Inventories	5 and 6(4)	953,581	7	883,560	8
1410	Prepayments		487,423	3	357,656	4
11XX	<b>Total current assets</b>		<u>10,549,135</u>	<u>73</u>	<u>7,321,001</u>	<u>69</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(5)	448,598	3	326,268	3
1535	Non-current financial assets at amortised cost	6(1)(2)	218,441	1	214,657	2
1600	Property, plant and equipment	6(6) and 8	2,587,108	18	2,313,901	22
1755	Right-of-use assets	6(7) and 7	101,775	1	121,852	1
1780	Intangible assets	6(8)	11,694	-	11,499	-
1840	Deferred income tax assets	6(23)	75,874	1	66,415	1
1915	Prepayments for equipment		121,106	1	17,838	-
1920	Guarantee deposits paid	8	582	-	547	-
1990	Other non-current assets		295,541	2	277,152	2
15XX	<b>Total non-current assets</b>		<u>3,860,719</u>	<u>27</u>	<u>3,350,129</u>	<u>31</u>
1XXX	<b>Total assets</b>		<u>\$ 14,409,854</u>	<u>100</u>	<u>\$ 10,671,130</u>	<u>100</u>

(Continued)

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(9)	\$ 190,000	1	\$ 190,000	2
2110	Short-term notes and bills payable	6(10)	9,988	-	9,997	-
2130	Current contract liabilities	6(16)	161,355	1	81,019	1
2170	Accounts payable		392,168	3	340,321	3
2200	Other payables	6(11)	1,217,669	9	632,585	6
2230	Current income tax liabilities	6(23)	692,584	5	199,423	2
2280	Current lease liabilities	6(7) and 7	9,413	-	21,422	-
2320	Long-term liabilities, current portion	6(12)	10,000	-	-	-
21XX	<b>Total current liabilities</b>		<u>2,683,177</u>	<u>19</u>	<u>1,474,767</u>	<u>14</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(12)	17,500	-	-	-
2570	Deferred income tax liabilities	6(23)	314,701	2	309,384	3
2580	Non-current lease liabilities	6(7) and 7	58,245	1	64,948	-
2640	Net defined benefit liabilities	6(13)	48,821	-	76,372	1
25XX	<b>Total non-current liabilities</b>		<u>439,267</u>	<u>3</u>	<u>450,704</u>	<u>4</u>
2XXX	<b>Total liabilities</b>		<u>3,122,444</u>	<u>22</u>	<u>1,925,471</u>	<u>18</u>
<b>Equity</b>						
<b>Equity attributable to owners of parent</b>						
Share capital						
3110	Common stock	6(14)	4,924,167	34	4,924,167	46
	Retained earnings	6(15)				
3310	Legal reserve		1,328,744	9	1,185,566	11
3320	Special reserve		433,442	3	433,442	4
3350	Unappropriated retained earnings		4,517,491	31	2,146,359	20
Other equity interest						
3400	Other equity interest	6(5)	( 335,025)	( 2)	( 312,231)	( 2)
31XX	<b>Total equity attributable to owners of the parent</b>		<u>10,868,819</u>	<u>75</u>	<u>8,377,303</u>	<u>79</u>
36XX	Non-controlling interest		418,591	3	368,356	3
3XXX	<b>Total equity</b>		<u>11,287,410</u>	<u>78</u>	<u>8,745,659</u>	<u>82</u>
Significant Contingent Liabilities and Unrecognised Contract Commitments						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 14,409,854</u>	<u>100</u>	<u>\$ 10,671,130</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Items	Notes	Year ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(16)	\$ 14,402,725	100	\$ 12,391,836	100
5000	Operating costs	6(4)(8)(13)(21)(2)				
		2)	( 7,924,266)	( 55)	( 9,171,120)	( 74)
5900	Net operating margin		6,478,459	45	3,220,716	26
	Operating expenses	6(8)(13)(21)(22)				
		and 12				
6100	Selling expenses		( 568,614)	( 4)	( 488,652)	( 4)
6200	General and administrative expenses		( 974,041)	( 6)	( 661,607)	( 5)
6300	Research and development expenses		( 112,892)	( 1)	( 92,136)	( 1)
6450	Expected credit impairment (loss) gain		( 1,875)	-	813	-
6000	Total operating expenses		( 1,657,422)	( 11)	( 1,241,582)	( 10)
6900	Operating profit		4,821,037	34	1,979,134	16
	Non-operating income and expenses					
7100	Interest income	6(2)(5)(17)	79,902	1	86,170	1
7010	Other income	6(5)(7)(18)	27,000	-	18,377	-
7020	Other gains and losses	6(19) and 12	( 217,511)	( 2)	( 51,074)	( 1)
7050	Finance costs	6(6)(7)(20) and 7	( 4,133)	-	( 2,581)	-
7000	Total non-operating income and expenses		( 114,742)	( 1)	50,892	-
7900	<b>Profit before income tax</b>		4,706,295	33	2,030,026	16
7950	Income tax expense	6(23)	( 1,086,070)	( 8)	( 548,574)	( 4)
8200	<b>Profit for the year</b>		\$ 3,620,225	25	\$ 1,481,452	12

(Continued)

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	Year ended December 31				
		2020		2019		
		AMOUNT	%	AMOUNT	%	
<b>Other comprehensive income (loss)</b>						
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>						
8311	Actuarial (losses) gains on defined benefit plans	6(13)	(\$ 1,673)	-	\$ 6,391	-
8316	Unrealised gains on financial assets measured at fair value through other comprehensive income	6(5)	9,199	-	23,791	-
8349	Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(23)	335	-	( 1,278)	-
<b>Components of other comprehensive loss that will be reclassified to profit or loss</b>						
8361	Financial statements translation differences of foreign operations		( 30,685)	-	( 151,059)	( 1)
8367	Unrealised loss on valuation of investments in debt instruments measured at fair value through other comprehensive income, net	6(5)	( 1,308)	-	-	-
8300	<b>Other comprehensive loss for the year</b>		<u>(\$ 24,132)</u>	<u>-</u>	<u>(\$ 122,155)</u>	<u>( 1)</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 3,596,093</u>	<u>25</u>	<u>\$ 1,359,297</u>	<u>11</u>
Profits attributable to:						
8610	Owners of the parent		\$ 3,548,909	25	\$ 1,426,780	12
8620	Non-controlling interest		71,316	-	54,672	-
	Profit for the year		<u>\$ 3,620,225</u>	<u>25</u>	<u>\$ 1,481,452</u>	<u>12</u>
Comprehensive income attributable to:						
8710	Owners of the parent		\$ 3,525,591	25	\$ 1,304,517	11
8720	Non-controlling interest		70,502	-	54,780	-
	Total comprehensive income for the year		<u>\$ 3,596,093</u>	<u>25</u>	<u>\$ 1,359,297</u>	<u>11</u>
Earnings per share (in dollars)						
9750	Basic	6(24)	<u>\$ 7.21</u>		<u>\$ 2.90</u>	
9850	Diluted		<u>\$ 7.18</u>		<u>\$ 2.89</u>	

The accompanying notes are an integral part of these consolidated financial statements.



NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent							
		Retained Earnings			Other Equity Interest				
Notes	Share capital - common stock	Legal reserve	Special reserve	Total unappropriated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations	Total Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
<b>Year ended December 31, 2019</b>									
	\$ 4,924,167	\$ 1,032,070	\$ 433,442	\$ 1,754,420	(\$ 195,670 )	\$ 10,707	\$ 7,959,136	\$ 333,843	\$ 8,292,979
	-	-	-	1,426,780	-	-	1,426,780	54,672	1,481,452
6(5)	-	-	-	5,005	( 151,059 )	23,791	( 122,263 )	108	( 122,155 )
	-	-	-	1,431,785	( 151,059 )	23,791	1,304,517	54,780	1,359,297
Distribution of 2018 net income:									
	-	153,496	-	( 153,496 )	-	-	-	-	-
6(15)	-	-	-	( 886,350 )	-	-	( 886,350 )	-	( 886,350 )
	-	-	-	-	-	-	-	( 20,267 )	( 20,267 )
	\$ 4,924,167	\$ 1,185,566	\$ 433,442	\$ 2,146,359	(\$ 346,729 )	\$ 34,498	\$ 8,377,303	\$ 368,356	\$ 8,745,659
<b>Year ended December 31, 2020</b>									
	\$ 4,924,167	\$ 1,185,566	\$ 433,442	\$ 2,146,359	(\$ 346,729 )	\$ 34,498	\$ 8,377,303	\$ 368,356	\$ 8,745,659
	-	-	-	3,548,909	-	-	3,548,909	71,316	3,620,225
6(5)	-	-	-	( 524 )	( 30,685 )	7,891	( 23,318 )	( 814 )	( 24,132 )
	-	-	-	3,548,385	( 30,685 )	7,891	3,525,591	70,502	3,596,093
Distribution of 2019 net income:									
	-	143,178	-	( 143,178 )	-	-	-	-	-
6(15)	-	-	-	( 1,034,075 )	-	-	( 1,034,075 )	-	( 1,034,075 )
	-	-	-	-	-	-	-	( 20,267 )	( 20,267 )
	\$ 4,924,167	\$ 1,328,744	\$ 433,442	\$ 4,517,491	(\$ 377,414 )	\$ 42,389	\$ 10,868,819	\$ 418,591	\$ 11,287,410

The accompanying notes are an integral part of these consolidated financial statements.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2020	2019
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 4,706,295	\$ 2,030,026
Adjustments			
Adjustments to reconcile profit (loss)			
Gains on valuation of financial assets at fair value through profit or loss		-	( 13,069 )
Expected credit impairment loss (gain)	12	1,875	( 813 )
Reversal of inventory market price decline	6(4)	( 1,183 )	( 874 )
Depreciation	6(6)(7)(21)	298,385	309,699
Losses on disposals of property, plant and equipment	6(19)	2,648	1,671
Property, plant and equipment transferred to expenses	6(6)	231	3,299
Amortisation	6(8)(21)	2,734	2,640
Interest income	6(17)	( 79,902 )	( 86,170 )
Dividend income	6(5)(18)	( 10,951 )	( 8,051 )
Rent concession	6(7)(18)	( 497 )	-
Interest expense	6(20)	4,133	2,581
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		-	22,632
Notes receivable		( 1,093 )	15,652
Accounts receivable		( 940,623 )	182,202
Other receivables		37,199	( 2,569 )
Inventories		( 68,838 )	133,995
Prepayments		( 129,767 )	( 6,594 )
Other non-current assets		( 18,389 )	5,212
Changes in operating liabilities			
Current contract liabilities		80,336	33,975
Notes payable		-	( 187 )
Accounts payable		51,847	( 13,393 )
Other payables		556,258	( 96,989 )
Net defined benefit liabilities		( 29,224 )	( 26,779 )
Cash inflow generated from operations		4,461,474	2,488,096
Interest received		57,997	80,712
Dividends received		10,951	8,051
Interest paid		( 4,142 )	( 2,545 )
Income tax paid		( 596,716 )	( 592,667 )
Net cash flows from operating activities		<u>3,929,564</u>	<u>1,981,647</u>

(Continued)

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2020	2019
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Cash paid for acquisition of current financial asstes at amortised cost		(\$ 3,567,732 )	(\$ 3,744,842 )
Proceeds from disposal of current financial assets at amortised cost		3,191,826	3,115,544
Acquisition of financial assets at fair value through other comprehensive income		( 119,593 )	( 26,589 )
Acquisition of non-current financial assets at amortised cost		-	( 223,801 )
Cash paid for acquisition of property, plant and equipment	6(25)	( 491,103 )	( 127,238 )
Interest paid for acquisition of property, plant and equipment	6(6)(20)(25)	( 133 )	( 42 )
Proceeds from disposal of property, plant and equipment		755	381
Increase in intangible assets	6(8)	( 2,780 )	( 1,593 )
Increase in prepayments for equipment		( 118,307 )	( 35,669 )
(Increase) decrease in guarantee deposits paid		( 35 )	81
Net cash flows used in investing activities		<u>( 1,107,102 )</u>	<u>( 1,043,768 )</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings		-	120,000
Increase in long-term borrowings	6(26)	30,000	-
Repayments of long-term borrowings	6(26)	( 2,500 )	-
Payment of lease liabilities	6(26)	( 21,212 )	( 21,620 )
Payment of cash dividends	6(15)	( 1,034,075 )	( 886,350 )
Decrease in non-controlling interest		( 20,267 )	( 20,267 )
Net cash flows used in financing activities		<u>( 1,048,054 )</u>	<u>( 808,237 )</u>
Effect of foreign exchange rate changes		( 42,979 )	( 62,595 )
Net increase in cash and cash equivalents		1,731,429	67,047
Cash and cash equivalents at beginning of year	6(1)	3,109,762	3,042,715
Cash and cash equivalents at end of year	6(1)	<u>\$ 4,841,191</u>	<u>\$ 3,109,762</u>

The accompanying notes are an integral part of these consolidated financial statements.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of NANTEX INDUSTRY CO., LTD.

### **Opinion**

We have audited the accompanying parent company only balance sheets of NANTEX INDUSTRY CO., LTD. (the "Company") as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only 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 Company's 2020 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2020 parent company only financial statements are stated as follows:

#### **Evaluation of inventories**

##### Description

Refer to Note 4(8) for description of accounting policies on inventory, Note 5 for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(4) for description of inventory. As of December 31, 2020, the balances of inventories and allowance for inventory valuation losses were NT\$412,905 thousand and NT\$31,468 thousand, respectively.

The Company is primarily engaged in manufacturing, processing and sales of various types of latex, rubber and related products. As the Company's inventories are mostly chemicals, they are subject to deterioration and fluctuations in worldwide raw material prices. Since measurement of net realisable value for inventories involves subjective judgment resulting in a high degree of estimation uncertainty,

we considered evaluation of inventories a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Examined whether the evaluation of inventories was implemented based on the Company's accounting policies, and assessed the reasonableness of policies and procedures related to the provision for inventory valuation losses.
- B. Assessed the appropriateness of provision for inventory valuation loss based on our evaluation and sampling on supporting documents related to the net realisable value of inventories.

**Cut off of operating revenue recognition from export sales**

Description

Refer to Note 4(24) for the accounting policies on revenue recognition.

The Company is engaged in domestic and international sales. Since there are numerous daily revenues and transaction terms made with foreign customers are different, which involve significant risk in relation to inappropriate revenue recognition timing, we identified cut off of operating revenue recognition from export sales a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Inspected sales contracts and orders to ensure whether sales revenue was recognised in the appropriate period based on transaction terms.
- B. Obtained details of operating revenue from export sales, and sampled and verified supporting documents (such as customer orders, delivery orders and export declarations) in order to verify whether operating revenue from export sales was recognised in an appropriate period.

**Responsibilities of management and those charged with governance for the parent company only financial statements**

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 parent company only financial statements**

Our objectives are to obtain reasonable assurance about whether the parent company only 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 generally accepted auditing standards 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 generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the parent company only 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.
- B. 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.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. 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 parent company only 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.
- E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless

law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Tzu-Shu

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

March 17, 2021

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

NANTEX INDUSTRY CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 2,214,123	17	\$ 1,488,406	15
1136	Current financial assets at amortised cost	6(1)(2)	-	-	299,800	3
1150	Notes receivable, net	6(3)	45,851	-	37,669	-
1170	Accounts receivable, net	6(3) and 7	1,873,649	15	933,376	10
1200	Other receivables		46,644	-	79,335	1
1210	Other receivables - related parties	7	28,246	-	20,540	-
130X	Inventories	5 and 6(4)	381,437	3	387,674	4
1410	Prepayments		317,471	3	179,092	2
11XX	<b>Total current assets</b>		<u>4,907,421</u>	<u>38</u>	<u>3,425,892</u>	<u>35</u>
<b>Non-current assets</b>						
1517	Non-current financial assets at fair value through other comprehensive income	6(5)	350,726	3	223,242	2
1550	Investments accounted for under equity method	6(6)	6,008,169	47	4,722,286	48
1600	Property, plant and equipment	6(7) and 8	1,431,104	11	1,219,773	13
1755	Right-of-use assets	6(8) and 7	51,693	-	66,034	1
1780	Intangible assets	6(9)	524	-	1,062	-
1840	Deferred income tax assets	6(22)	65,634	-	55,187	1
1915	Prepayments for equipments		84,727	1	-	-
1920	Guarantee deposits paid	8	413	-	413	-
1990	Other non-current assets		13,377	-	15,394	-
15XX	<b>Total non-current assets</b>		<u>8,006,367</u>	<u>62</u>	<u>6,303,391</u>	<u>65</u>
1XXX	<b>Total assets</b>		<u>\$ 12,913,788</u>	<u>100</u>	<u>\$ 9,729,283</u>	<u>100</u>

(Continued)



NANTEX INDUSTRY CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(10)	\$ 100,000	1	\$ 100,000	1
2130	Current contract liabilities	6(15)	38,314	-	11,150	-
2170	Accounts payable		277,211	2	270,721	3
2200	Other payables	6(11)	782,985	6	365,403	4
2230	Current income tax liabilities	6(22)	442,057	4	165,324	2
2280	Current lease liabilities	6(8) and 7	3,271	-	15,454	-
21XX	<b>Total current liabilities</b>		<u>1,643,838</u>	<u>13</u>	<u>928,052</u>	<u>10</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	6(22)	314,701	3	309,384	3
2580	Non-current lease liabilities	6(8) and 7	50,079	-	51,454	-
2640	Net defined benefit liabilities	6(12)	36,351	-	63,090	1
25XX	<b>Total non-current liabilities</b>		<u>401,131</u>	<u>3</u>	<u>423,928</u>	<u>4</u>
2XXX	<b>Total liabilities</b>		<u>2,044,969</u>	<u>16</u>	<u>1,351,980</u>	<u>14</u>
<b>Equity</b>						
Share capital						
3110	Common stock	6(13)	4,924,167	38	4,924,167	51
Retained earnings 6(14)						
3310	Legal reserve		1,328,744	10	1,185,566	12
3320	Special reserve		433,442	4	433,442	5
3350	Unappropriated retained earnings		4,517,491	35	2,146,359	22
Other equity interest						
3400	Other equity interest	6(5)(6)	( 335,025)	( 3)	( 312,231)	( 4)
3XXX	<b>Total equity</b>		<u>10,868,819</u>	<u>84</u>	<u>8,377,303</u>	<u>86</u>
Significant Contingent Liabilities and 9						
Unrecognised Contract Commitments						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 12,913,788</u>	<u>100</u>	<u>\$ 9,729,283</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

NANTEX INDUSTRY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Items	Notes	Year ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(15) and 7	\$ 8,286,235	100	\$ 6,957,021	100
5000	Operating costs	6(4)(12)(20)(21) and 7	( 4,394,009)	( 53)	( 5,021,115)	( 72)
5900	Net operating margin		<u>3,892,226</u>	<u>47</u>	<u>1,935,906</u>	<u>28</u>
	Operating expenses	6(9)(12)(20)(21)				
6100	Selling expenses		( 345,063)	( 4)	( 269,759)	( 4)
6200	General and administrative expenses		( 572,151)	( 7)	( 341,594)	( 5)
6300	Research and development expenses		( 87,428)	( 1)	( 64,933)	( 1)
6000	Total operating expenses		<u>( 1,004,642)</u>	<u>( 12)</u>	<u>( 676,286)</u>	<u>( 10)</u>
6900	Operating profit		<u>2,887,584</u>	<u>35</u>	<u>1,259,620</u>	<u>18</u>
	Non-operating income and expenses					
7100	Interest income	6(2)(5)(16)	23,355	-	21,075	-
7010	Other income	6(5)(17) and 7	49,437	1	36,024	1
7020	Other gains and losses	6(18) and 12	( 169,113)	( 2)	( 51,930)	( 1)
7050	Finance costs	6(8)(19) and 7	( 2,624)	-	( 1,332)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	<u>1,333,267</u>	<u>16</u>	<u>445,344</u>	<u>7</u>
7000	Total non-operating income and expenses		<u>1,234,322</u>	<u>15</u>	<u>449,181</u>	<u>7</u>
7900	<b>Profit before income tax</b>		<u>4,121,906</u>	<u>50</u>	<u>1,708,801</u>	<u>25</u>
7950	Income tax expense	6(22)	( 572,997)	( 7)	( 282,021)	( 4)
8200	<b>Profit for the year</b>		<u>\$ 3,548,909</u>	<u>43</u>	<u>\$ 1,426,780</u>	<u>21</u>
	<b>Other comprehensive income (loss)</b>					
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8311	Actuarial gains on defined benefit plans	6(12)	\$ 151	-	\$ 6,149	-
8316	Unrealised gains on financial assets measured at fair value through other comprehensive income	6(5)	9,199	-	23,791	-
8330	Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method	6(6)	( 645)	-	86	-
8349	Income tax related to components of other comprehensive loss that will not be reclassified to profit or loss	6(22)	( 30)	-	( 1,230)	-
	<b>Components of other comprehensive loss that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations	6(6)	( 30,685)	-	( 151,059)	( 2)
8367	Unrealised loss on valuation of investments in debt instruments measured at fair value through other comprehensive income, net	6(5)	<u>( 1,308)</u>	-	-	-
8300	<b>Other comprehensive loss for the year</b>		<u>( \$ 23,318)</u>	<u>-</u>	<u>( \$ 122,263)</u>	<u>( 2)</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 3,525,591</u>	<u>43</u>	<u>\$ 1,304,517</u>	<u>19</u>
	Earnings per share (in dollars)	6(23)				
9750	Basic		\$ 7.21		\$ 2.90	
9850	Diluted		\$ 7.18		\$ 2.89	

The accompanying notes are an integral part of these parent company only financial statements.

NANTEX INDUSTRY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Retained Earnings			Other Equity Interest		Amount	
		Share capital - common stock	Legal reserve	Special reserve	Total unappropri- ated retained earnings (accumulated deficit)	Financial statements translation differences of foreign operations		Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income
<u>Year ended December 31, 2019</u>								
Balance at January 1, 2019		\$ 4,924,167	\$ 1,032,070	\$ 433,442	\$ 1,754,420	(\$ 195,670)	\$ 10,707	\$ 7,959,136
Profit for the year		-	-	-	1,426,780	-	-	1,426,780
Other comprehensive income (loss) for the year	6(5)(6)	-	-	-	5,005	( 151,059)	23,791	( 122,263)
Total comprehensive income (loss)		-	-	-	1,431,785	( 151,059)	23,791	1,304,517
Distribution of 2018 net income:								
Legal reserve		-	153,496	-	( 153,496)	-	-	-
Cash dividends	6(14)	-	-	-	( 886,350)	-	-	( 886,350)
Balance at December 31, 2019		\$ 4,924,167	\$ 1,185,566	\$ 433,442	\$ 2,146,359	(\$ 346,729)	\$ 34,498	\$ 8,377,303
<u>Year ended December 31, 2020</u>								
Balance at January 1, 2020		\$ 4,924,167	\$ 1,185,566	\$ 433,442	\$ 2,146,359	(\$ 346,729)	\$ 34,498	\$ 8,377,303
Profit for the year		-	-	-	3,548,909	-	-	3,548,909
Other comprehensive income (loss) for the year	6(5)(6)	-	-	-	( 524)	( 30,685)	7,891	( 23,318)
Total comprehensive income (loss)		-	-	-	3,548,385	( 30,685)	7,891	3,525,591
Distribution of 2019 net income:								
Legal reserve		-	143,178	-	( 143,178)	-	-	-
Cash dividends	6(14)	-	-	-	( 1,034,075)	-	-	( 1,034,075)
Balance at December 31, 2020		\$ 4,924,167	\$ 1,328,744	\$ 433,442	\$ 4,517,491	(\$ 377,414)	\$ 42,389	\$10,868,819

The accompanying notes are an integral part of these parent company only financial statements.

NANTEX INDUSTRY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 4,121,906	\$ 1,708,801
Adjustments			
Adjustments to reconcile profit (loss)			
Gains on valuation of financial assets at fair value through profit or loss		-	( 13,069 )
Provision for loss on inventory market price decline	6(4)	3,196	1,548
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	( 1,333,267 )	( 445,344 )
Depreciation	6(7)(8)(20)	151,947	151,580
Losses on disposal of property, plant and equipment	6(18)	1,582	-
Property, plant and equipment transferred to expense	6(7)	231	3,299
Amortisation	6(9)(20)	845	1,066
Interest income	6(16)	( 23,355 )	( 21,075 )
Dividend income	6(5)(17)	( 10,951 )	( 8,051 )
Interest expense	6(19)	2,624	1,332
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		-	22,632
Notes receivable	(	8,182 )	15,031
Accounts receivable	(	940,273 )	119,881
Other receivables		32,691	( 6,716 )
Other receivables - related parties	(	7,706 )	12,317
Inventories		3,041	90,506
Prepayments	(	138,379 )	53,422
Other non-current assets		2,017	( 1,880 )
Changes in operating liabilities			
Current contract liabilities		27,164	( 54 )
Accounts payable		6,490	( 26,192 )
Other payables		383,368	( 45,893 )
Net defined benefit liabilities	(	26,588 )	( 24,298 )
Cash inflow generated from operations		2,248,401	1,588,843
Interest received		23,355	21,075
Dividends received		27,005	24,105
Interest paid	(	2,624 )	( 1,332 )
Income tax paid	(	301,424 )	( 298,368 )
Net cash flows from operating activities		<u>1,994,713</u>	<u>1,334,323</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash paid for acquisition of current financial assets at amortised cost	(	598,550 )	( 638,820 )
Proceeds from disposal of current financial assets at amortised cost		898,350	339,020
Acquisition of financial assets at fair value through other comprehensive income	(	119,593 )	-
Cash paid for acquisition of property, plant and equipment	6(24)	( 315,190 )	( 66,417 )
Proceeds from disposal of property, plant and equipment		754	-
Increase in intangible assets	6(9)	( 307 )	( 45 )
Increase in prepayments for equipment	(	84,727 )	-
Decrease in guarantee deposits paid		-	10
Net cash flows used in investing activities	(	<u>219,263</u> )	<u>( 366,252 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in short-term borrowings	6(25)	-	100,000
Payment of lease liabilities	6(25)	( 15,658 )	( 15,755 )
Payment of cash dividends	6(14)	( 1,034,075 )	( 886,350 )
Net cash flows used in financing activities	(	<u>1,049,733</u> )	<u>( 802,105 )</u>
Net increase in cash and cash equivalents		725,717	165,966
Cash and cash equivalents at beginning of year	6(1)	1,488,406	1,322,440
Cash and cash equivalents at end of year	6(1)	<u>\$ 2,214,123</u>	<u>\$ 1,488,406</u>

The accompanying notes are an integral part of these parent company only financial statements.

**NANTEX INDUSTRY CO., LTD.**  
2020 Earnings Distribution Table

Item	Unit: In New Taiwan Dollars Amount
Net Income after tax of the Company	<b>3,548,908,619</b>
Add: Other comprehensive income - actuarial income with confirmed welfare plan	<b>(523,588)</b>
Less: Appropriation of 10% for legal reserve	<b><u>(354,838,503)</u></b>
Current distributable earnings	<b>3,193,546,528</b>
Add: Retained earnings from last period	<b>969,106,022</b>
Total distributable earnings	<b><u><u>4,162,652,550</u></u></b>
2020 Earnings Distribution Status	
Stock dividends (0 share for every 1,000 shares)	<b>0</b>
Cash dividends (NT\$ 4,000 for every 1,000 shares)	<b>1,969,666,636</b>
Ending undistributed earnings	<b><u><u>2,192,985,914</u></u></b>

## Remarks:

1. Regarding the distribution order in this year, the 2020 earnings are distributed in priority.
2. The fractional amount of the cash dividends less than NT\$ 1 dollar in this distribution is recorded as other income of the Company.

NANTEX INDUSTRY CO., LTD.  
Rules of Procedure for Board of Directors' Meeting Provision Amendment  
Comparison Table

Original Article No.	Original Provision	New Provision	Provision after Amendment	Descriptions
Article 8	(Paragraph 1 to 5 omitted) The terms "all directors" described in this paragraph shall be counted as the actual number of directors currently holding those positions.	Article 8	(Paragraph 1 to 5 omitted) The terms "all directors" described in the preceding paragraph and <u>Subparagraph 2 of Paragraph 2 of Article 16</u> shall be counted as the actual number of directors currently holding those positions.	Amendment made in accordance with the laws
Article 11	(Paragraphs 1 and 2 omitted) At any time during the course of a board of directors' meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Paragraph 3 of Article 8 shall be applied mutatis mutandis.	Article 11	(Paragraphs 1 and 2 omitted) At any time during the course of a board of director's meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Paragraph 5 of Article 8 shall be applied mutatis mutandis.	Paragraph number adjusted
Article 12	The following matters shall be proposed in a board of directors' meeting of the Company for discussion: I. Business plan of the Company. II. Annual financial statements or <del>semi-annual financial statements.</del> <del>However, where the semi-annual financial statements are not required to be audited and certified by CPAs according to the provisions of laws, such restriction shall not be</del>	Article 12	The following matters shall be proposed in a Board of Directors' meeting of the Company for discussion: I. Business plan of the Company. II. Annual financial statements and <u>financial statements of the second quarter requiring audit by CPAs.</u> (Content below omitted)	Amendment made in accordance with the laws

	<del>applied.</del> (Content below omitted)			
Article 15	(Paragraph 1 omitted) Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the <del>preceding paragraph</del> , such director shall be deemed to have a personal interest in the matter. With regard to a resolution of a board of directors' meeting, for a director restricted from exercising his/her voting rights according to the <del>preceding two paragraphs</del> , the regulation specified in Paragraph 2 of Article 180 shall be applied mutatis mutandis according to Paragraph 4 of Article 206 of the Company Act.	Article 15	(Paragraph 1 omitted) Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting, such director shall be deemed to have a personal interest in the matter. With regard to a resolution of a board of directors' meeting, for a director restricted from exercising his/her voting rights according to the provisions, the regulation specified in Paragraph 2 of Article 180 shall be applied mutatis mutandis according to Paragraph 4 of Article 206 of the Company Act.	Amendment made in accordance with the laws
Article 18	(Deleted)	Article 18	These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders' meeting. For future amendments of these Rules of Procedure, the board of directors is authorized to reach resolution on such amendments.	Original Article 18 is deleted, and original Article 19 is revised to become Article 18
Article 19	These Rules of Procedure shall be adopted by the approval of meeting of the board of directors and shall be reported to the shareholders' meeting. For future amendments of these Rules of Procedure, the board of directors is authorized to reach resolution on such amendments.		None	Content is revised to Article 18

## NANTEX INDUSTRY CO., LTD.

## Code of Ethical Conduct

- Article 1 (Purpose of and basis for adoption)  
For the purpose of encouraging directors and managerial officers of the Company to act in line with ethical standards, and to help interested parties better understand the ethical standards of such companies, the Company establishes this Code in accordance with the “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies” announced by Taiwan Stock Exchange (TWSE) for compliance.
- Article 2 (Applicable subject)  
This Code is applicable to directors and managerial officers, including general managers and their equivalents, assistant general managers and their equivalents, deputy assistant general managers and their equivalents, financial department supervisor, accounting department supervisor, and other persons authorized to manage affairs and sign documents on behalf of the Company.
- Article 3 (Prevention of conflicts of interest)  
Directors and managerial officers of the Company shall perform their duties in an objective, neutral and efficient manner, and shall not take advantage of their positions in the company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship.  
When an affiliated enterprise of the aforementioned personnel engages in the loaning of funds or provision of guarantees, and major asset transactions or business dealings, the directors and managerial officers shall voluntarily explain whether there is any potential conflict between them and the Company.
- Article 4 (Minimizing incentives to pursue personal gain)  
Directors and managerial officers of the Company shall not engage in any of the following activities: (1) Seeking an opportunity to pursue personal gain by using the Company’s property or information or taking advantage of their positions. (2) Obtaining personal gain by using the Company’s property or information or taking advantage of their positions. (3) Competing with the Company. When the Company has an opportunity for profit, it is the responsibility of the directors and managerial officers to maximize the reasonable and proper benefits that can be obtained by the Company.
- Article 5 (Non-disclosure obligation)  
Directors and managerial officers of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its business dealing counterparties, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or customers.
- Article 6 (Fair trade)  
Directors and managerial officers of the Company shall treat all subjects of business dealings and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.
- Article 7 (Safeguarding and proper use of company assets)  
All directors and managerial officers of the Company shall have the responsibility to safeguard the Company’s assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the Company's profitability.



- Article 8 (Legal compliance)  
The Company shall strengthen its compliance with the Securities and Exchange Act and other applicable laws and regulations. Directors and managerial officers of the Company shall properly comply with the Securities and Exchange Act and other applicable laws and regulations.
- Article 9 (Encouraging reporting on illegal or unethical activities)  
The Company shall raise awareness of ethics internally and encourage employees to report to a managerial officer, chief internal auditor, or other appropriate individual of the Company upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. The Company shall handle report cases confidentially and shall protect the safety of bona fide reporters with best effort.
- Article 10 (Disciplinary measures)  
When a director or managerial officer of the Company violates the code of ethical conduct, the Company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken.  
When a violator is subject to disciplinary action due to violation of this Code, the violator may file complaint in accordance with relevant provisions.
- Article 11 (Procedures for exemption)  
When an exemption for directors or managerial officers of the Company from compliance with this Code is necessary, it is required to be adopted by a resolution of the board of directors, and that information on the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the Company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.
- Article 12 (Method disclosure)  
The Company shall disclose this Code of Ethical Conduct on the Company's annual reports and prospectuses and on the MOPS. The same procedure shall be adopted for amendments thereof.
- Article 13 (Enforcement)  
The Code of Ethical Conduct of the Company shall be implemented after the board of directors grants the approval, and shall be sent to the Audit Committee and reported to the shareholders' meeting. The same procedure shall be adopted for amendments thereof.

## NANTEX INDUSTRY CO., LTD.

## Articles of Incorporation Provision Amendment Comparison Table

Original Article No.	Original Provision	New Provision	Provision after Amendment	Descriptions
Article 6	The total capital of the Company shall be in the amount of NT\$ <del>4,924,166,590</del> , divided into <del>492,416,659</del> shares, at a par value of NT\$ 10 per share, and <del>fully</del> issued.	Article 6	The total capital of the Company shall be NT\$ <u>6,000,000,000</u> , divided into <u>600,000,000</u> shares, at a par value of NT\$ 10 per share, <u>and the board of directors is authorized to perform share issuance at discrete times depending upon the needs.</u>	Increased paid-in capital according to the actual condition
Article 17	The Company shall have <del>fifteen</del> to twenty directors (the number of independent directors shall not be less than three and shall not be less than one fifth of the total number of directors). The number of directors shall be specified by the board of directors' meeting. The election of directors shall adopt the candidate nomination system, and shall be selected by the shareholders' meeting from the candidate list. The term of office shall be three years, and re-election shall be permissible. The total shareholding ratio of all directors shall comply with the regulations specified by the competent authority of securities. Relevant matters of the professional qualification, shareholding, concurrent job position limitation, determination of independence, nomination and election methods of the independent directors and other necessary requirements shall be handled according to relevant laws and regulations.	Article 17	The Company shall have <u>seven</u> to twenty directors (the number of independent directors shall not be less than three and shall not be less than one fifth of the total number of directors). The number of directors shall be specified by the board of directors' meeting. The election of directors shall adopt the candidate nomination system, and shall be selected by the shareholders' meeting from the candidate list. The term of office shall be three years, and re-election shall be permissible. The total shareholding ratio of all directors shall comply with the regulations specified by the competent authority of securities. Relevant matters of the professional qualification, shareholding, concurrent job position limitation, determination of independence, nomination and election methods of the independent directors and other necessary requirements shall be handled according to	1. Revised the number of seats of directors 2. Revised wording

	<p>During the election of directors, the election shall be handled according to the regulations of the Company Act. Directors and independent directors shall be elected concurrently, and the number of successful candidates shall be counted separately.</p> <p><del>The Regulations for Election of Directors shall be established by the shareholders' meeting.</del></p>		<p>relevant laws and regulations.</p> <p>During the election of directors, the election shall be handled according to the regulations of the Company Act. Directors and independent directors shall be elected concurrently, and the number of successful candidates shall be counted separately.</p>	
Article 31	<p>Paragraphs 1 to 3 (omitted)</p> <p>The Company authorizes, in accordance with the law, that the board of directors <del>may</del> reach a special resolution on the issuance of cash for all or a portion of the distributable dividends and bonuses and to report to the shareholders' meeting, such that the requirement for resolution of the shareholders' meeting described in the preceding paragraph shall not be applicable.</p>	Article 31	<p>Paragraphs 1 to 3 (omitted)</p> <p>The Company authorizes, in accordance with the law, the board of directors to reach a special resolution on the issuance of cash for all or a portion of the distributable dividends and bonuses and to report to the shareholders' meeting, such that the requirement for resolution of the shareholders' meeting described in the preceding paragraph shall not be applicable.</p>	Revised wording
Article 36	<p>These Articles of Incorporation were established on November 13, 1978, and were amended on</p> <p>(01) June 3, 1979... omitted</p> <p>(45) June 12, 2018</p> <p>(46) June 19, 2019</p> <p>(47) June 16, 2020</p>	Article 36	<p>These Articles of Incorporation were established on November 13, 1978, and were amended on</p> <p>(01) June 3, 1979... omitted</p> <p>(45) June 12, 2018</p> <p>(46) June 19, 2019</p> <p>(47) June 16, 2020</p> <p>(48) June 15, 2021</p>	Newly added the date of current amendment

## NANTEX INDUSTRY CO., LTD.

## Rules of Procedure for Shareholders Meeting Provision Amendment Comparison Table

Original Article No.	Original Provision	New Provision	Provision after Amendment	Descriptions
Article 3	<p>Paragraphs 1, 2 and 3 omitted</p> <p>Matters pertaining to election or discharge of directors, alteration of 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, spin-off, or any matters as set forth in Paragraph 1 of Article 185 hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extraordinary motions; <del>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.</del></p> <p>Paragraph 5 omitted</p> <p>A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. Such proposals are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. <del>However, where a proposal of a shareholder is to promote the improvement of public welfare or fulfillment of social responsibility</del></p>	Article 3	<p>Paragraphs 1, 2 and 3 omitted</p> <p>Election or dismissal of directors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under all subparagraphs of Paragraph 1 of Article 185 of the <u>Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u> shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.</p> <p>Paragraph 5 omitted</p> <p>A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. Such proposals are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances described in Paragraph 4 of Article 172-1</p>	Amended content according to the amendment of laws of the competent authority

	<p><del>of the Company, the board of directors may still list such proposal in the meeting agenda.</del></p> <p>In addition, when the circumstances described in Paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</p>	<p>of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. <u>Shareholders may submit suggestive proposals for urging the Company to promote public interests or fulfill its social responsibilities, provided that the procedure shall comply with relevant provisions of Article 172-1 of the Company Act, and the number of items so proposed shall be limited to one only, and no proposal containing more than one item shall be included in the meeting agenda.</u></p>		
	Content below omitted	Content below omitted		
Article 9	<p>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.</p> <p>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.</p>	Article 9	<p>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.</p> <p>The chair shall call the meeting to order at the appointed meeting time, <u>and shall also announce information related to the number of shares having no voting rights and the number of shares represented by the attending shareholders.</u></p> <p>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</p>	Amended content according to the amendment of laws of the competent authority

			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. Content below omitted	
	Content below omitted		Content below omitted	
Article 14	<p>The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.</p> <p>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 recorded materials shall be retained until the conclusion of the litigation.</p>	Article 14	<p>The election of directors at a shareholders meeting shall be held in accordance with the relevant election and appointment rules adopted by the Company, 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 name of</u> <u>unelected directors as well as their number of votes received.</u></p> <p>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 recorded materials shall be retained until the conclusion of the litigation.</p>	Amended content according to the amendment of laws of the competent authority

## NANTEX INDUSTRY CO., LTD.

### Procedures for Election of Directors

- Article 1 To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 of the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.
- Article 2 Except as otherwise provided by law and regulation or by the Company’s Articles of Incorporation, elections of directors shall be conducted in accordance with these Procedures.
- Article 3 The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:
- I. Basic requirements and values: Gender, age, nationality, and culture.
  - II. Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, and industry experience.
- Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:
- I. The ability to make judgments about operations.
  - II. Accounting and financial analysis ability.
  - III. Business management ability.
  - IV. Crisis management ability.
  - V. Knowledge of the industry.
  - VI. An international market perspective.
  - VII. Leadership ability.
  - VIII. Decision-making ability.
- More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.
- The board of directors of the Company shall consider adjusting its composition based on the results of performance evaluation.
- Article 4 The qualifications for the independent directors of the Company shall comply with Articles 2, 3, and 4 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”.
- The election of independent directors of the Company shall comply with Articles 5, 6, 7, 8, and 9 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”, and shall be conducted in accordance with Article 24 of the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.
- Article 5 The elections of directors of the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.
- When the number of directors falls below five due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders’ meeting. When the number of directors falls short by one third of the total number prescribed in the Company’s Articles of Incorporation, the Company

shall call a special shareholders meeting within sixty days from the date of occurrence to hold a by-election to fill the vacancies.

Where the number of independent directors falls below the number prescribed in the proviso of Paragraph 1 of Article 14-2 of Securities and Exchange Act, the Company shall hold a by-election at the most recent shareholders' meeting. When all independent directors are dismissed, the Company shall convene an extraordinary shareholders' meeting within sixty days from the occurrence of such event to hold a by-election for the independent directors.

Article 6 The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 7 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 8 The number of directors will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 9 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

Article 10 A ballot is invalid under any of the following circumstances:  
I. The ballot provided by the board of directors is not used.  
II. A blank ballot is placed in the ballot box.  
III. The writing is unclear and indecipherable or has been altered.  
IV. The candidate whose name is entered in the ballot does not conform to the director candidate roster.  
V. Other words or marks are entered in addition to the number of voting rights allotted.

Article 11 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

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 recorded materials shall be retained until the conclusion of the litigation.

Article 12 The board of directors of the Company shall issue notifications to the persons elected as directors.

Article 13 These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders' meetings.



**NANTEX INDUSTRY CO., LTD.**  
**Rules of Procedure for Shareholders Meeting**

Approved at shareholders' meeting on June 16, 2020

- Article 1 To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" jointly established by Taiwan Stock Exchange Corporation and Taipei Exchange.
- Article 2 The rules of procedures for shareholders meeting of the Company, except as otherwise provided by law, regulation or the articles of incorporation, shall be as provided in these Rules.
- Article 3 Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.
- The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of 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. The Company 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, 15 days prior to the date of the shareholders meeting, the Company 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 the Company and the professional shareholder services agent designated by the Company as well as being distributed on-site at the meeting place. The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
- Matters pertaining to election or discharge of directors, alteration of 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, spin-off, or any matters as set forth in Paragraph 1 of Article 185 hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extraordinary motions; 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.
- Where the notice to convene a shareholders' meeting has indicate the full re-election of directors and the date of assumption of duty has been specified, then after the completion of the re-election in such shareholders' meeting, the date of assumption of duty shall not be altered via extraordinary motion or other methods. A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. Such proposals are limited to one item only, and no proposal containing more than

one item will be included in the meeting agenda. However, where a proposal of a shareholder is to promote the improvement of public welfare or fulfillment of social responsibility of the Company, the board of directors may still list such proposal in the meeting agenda. In addition, when the circumstances described in Paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

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

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

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

Article 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the 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 the Company 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 the Company, 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 the Company before 2 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 The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 6 The shareholders meeting notices shall specify 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. The Company 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.

The Company 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.

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

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

Where a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise his or her powers, the Vice Chairman shall act as a proxy thereof; if there is no Vice Chairman or the Vice Chairman is also on leave or for any reason unable to exercise the powers, the Chairman shall appoint a director to act as a proxy thereof. Where the Chairman fails to make such appointment, the directors shall elect from among themselves one director to act as a proxy thereof.

When a director serves as the 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. The same shall be true for a representative of a juristic person director that serves as chair.

It is recommended that shareholders meetings convened by the board of directors be chaired by the Chairman in person and attended by a majority of the directors, at least one independent director in person, and at least one member of each functional committee on behalf of the committee. 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.

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

Article 8

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

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

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors, and relevant proposals (including extraordinary motions and original proposal revisions) shall adopt the voting method for each proposal. 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. In addition, sufficient voting time shall be arranged.

#### Article 11

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

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

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

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

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

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

Article 12 Voting at a shareholders meeting shall be calculated based on the number of shares. With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

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

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 Paragraph 2 of Article 179 of the Company Act.

When the Company holds a shareholders meeting, it shall allow the shareholders to exercise their voting rights via electronic means and may adopt the written method. When voting rights are exercised via the written or electronic method, 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. Accordingly, it is recommended to prevent the submission of a request for the revision of the extraordinary motions or original proposal.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company 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 the Company, by the same means by which the voting rights were exercised, before 2 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 the Company'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 or against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or 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 have the identity of shareholders of the Company.

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

Article 14 The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected 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 recorded materials shall be retained until the conclusion of the litigation.

Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the Market Observation Post System (MOPS).

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairperson's full name, the methods by which resolutions were adopted, and a summary of the deliberations and the voting results (including the number of rights counted). When there is election of directors, the number of voting rights received by each candidate shall be disclosed. The meeting minutes shall be properly and perpetually kept by the Company during its legal existence.

Article 16 On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

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

Article 17 The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through

any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

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

Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

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

A resolution may be adopted at a shareholders meeting to 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.

## Nantex Industry Co., Ltd. Articles of Incorporation

Approved at shareholders' meeting on June 16, 2020

**Chapter 1****General Rules**

- Article 1 The Company shall be incorporated under the Company Act and its name shall be "Nantex Industry Co., Ltd." (hereafter referred to as "the Company").
- Article 2 The scope of business of the Company shall be as follows:
1. C303010 Non-woven Fabrics Mills
  2. C601020 Paper Manufacturing
  3. C601030 Paper Containers Manufacturing
  4. C601040 Processed Paper Manufacturing
  5. C801020 Petrochemical Manufacturing
  6. C801060 Synthetic Rubber Manufacturing
  7. C801100 Synthetic Resin & Plastic Manufacturing
  8. C804020 Industrial Rubber Products Manufacturing
  9. C804990 Other Rubber Products Manufacturing
  10. C805050 Industrial Plastic Products Manufacturing
  11. CK01010 Footwear Manufacturing
  12. F401010 International Trade
  13. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval
- Article 3 The Company may conduct re-investment(s) in other businesses for its business needs, the re-investment total amount shall not be subject to the limitation under Article 13 of the Company Act that its re-investment(s) shall not exceed 40% of its paid-in capital.
- Article 4 The Company establishes in Kaohsiung City and also establishes an office in Tainan City, establishes a manufacturing factory in Linyuan Industrial Park, Kaohsiung City. When it is considered necessary through resolution of the board of directors meeting, branch companies, offices and liaison office or additional manufacturing factories may be established in other domestic and foreign locations, and the same shall be applied to revocation or relocation thereof.
- Article 5 (Deleted)
- Chapter 2 Shares**
- Article 6 The total capital of the Company shall be in the amount of NT\$ 4,924,166,590, divided into 492,416,659 shares, at a par value of NT\$ 10 per share, and fully issued.
- Article 7 The shares of the Company shall be registered, which shall be signed or sealed by the directors representing the Company along with the stamp of the Company's seal and code after the approval of registration or the new share alternation registration, and certification shall be performed according to the law for issuance of the shares.
- Article 7-1 For the registered shares of the Company after public issuance, the printing of share certificates may be exempted; however, they shall be registered with the Centralized Securities Depository Enterprises.
- Article 8 The Company shall establish the shareholders' roster for preservation at the Company. The administration of the shareholder services of the Company shall be handled according to the "Regulations Governing the Administration of Shareholder Services of Public Companies".
- Article 9 Shareholders shall submit their seal patterns to the Company for recordation in order to use such seals as the basis for the shareholders' collection of dividends for exchange of shares or to exercise the shareholders' rights in writing. In case where the



mentioned seal is lost, it shall be handled according to the “Regulations Governing the Administration of Shareholder Services of Public Companies”.

### **Chapter 3**

#### **Shareholders’ Meeting**

- Article 10 The shareholders’ meeting shall be classified into two types of the regular shareholders meeting and special shareholders meeting:
- I. Regular shareholders meeting shall be convened by the board of directors within six months after the end of each fiscal year.
  - II. Special shareholders meeting shall be convened when there is an important event and considered necessary by the board of directors or shall be convened upon the request of shareholders according to the regulations of the Company Act.
- Article 10-1 The Rules of Procedure for Shareholders Meetings of the Company shall be handled in accordance with the regulations of the competent authority.
- Article 11 Unless otherwise specified in the Company Act, the convention of a shareholders’ meeting shall be attended by a majority of the shareholders representing more than half of the total number of the Company’s issued shares, and a resolution of the shareholders’ meeting shall be executed based on the consents of a majority of the voting rights of attending shareholders.
- When the number of attending shareholders is less than the number specified 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 based on the consents of a majority of the voting rights of the attending shareholders, and all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month. The resolution shall be made based on the condition where the attending shareholders represent more than one third of the total number of issued shares and the consents of a majority of voting rights of attending shareholders are obtained.
- Article 12 Each shareholder of the Company shall be entitled to one vote for each share held, except when the shares are deemed non-voting shares under the Company Act, which may be exercised in writing or in electronic method.
- Article 13 All shareholders shall be informed of the date, location and reasons of convention thirty days before the convention of an ordinary shareholders’ meeting, and fifteen days before the convention of an extraordinary shareholders’ meeting.
- Article 14 Where a shareholder for any reasons cannot attend the shareholders’ meeting in person, he or she may appoint a proxy 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 or may exercise the power in electronic method. The regulations for authorizing proxies to attend meetings on behalf of shareholders of the Company shall comply with Article 177 of the Company Act and shall also be handled accordingly to the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” announced by the competent authority.
- Article 15 Where a shareholders’ meeting is convened by the board of directors, the chair shall be handled according to Article 208 of the Company Act. Where a shareholder’s meeting is convened by a party with power to convene but other than the board of directors, the convening party shall act as the chair of the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors may elect a new chair based on the agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.
- Article 16 Matters relating to the resolutions of a shareholders meeting shall be recorded in meeting minutes. The meeting minutes shall include the content of year, month, date,

place, number of shares represented by attending shareholders and proxies, name of the chair, resolution matters and resolution methods, summary of meeting procedure and result thereof, which shall be signed or sealed by the chair. The meeting minutes shall be distributed to each shareholder within twenty days after the conclusion of the meeting.

The preparation and distribution of the meeting minute described in the preceding paragraph may be handled in electronic method.

The distribution of the meeting minutes described in Paragraph 1 may be made via the method of public announcement.

The meeting minutes shall be properly and perpetually kept by the Company during its legal existence. The sign-in documents of attending shareholders and the power of attorney attending proxies, except the law specifies otherwise, shall have the preservation period of at least one year.

## **Chapter 4**

### **Director and Functional Committees**

#### Article 17

The Company shall have fifteen to twenty directors (the number of independent directors shall not be less than three and shall not be less than one fifth of the total number of directors). The number of directors shall be specified by the board of directors' meeting.

The election of directors shall adopt the candidate nomination system, and shall be selected by the shareholders' meeting from the candidate list. The term of office shall be three years, and re-election shall be permissible.

The total shareholding ratio of all directors shall comply with the regulations specified by the competent authority of securities.

Relevant matters of the professional qualification, shareholding, concurrent job position limitation, determination of independence, nomination and election methods of the independent directors and other necessary requirements shall be handled according to relevant laws and regulations.

During the election of directors, the election shall be handled according to the regulations of the Company Act. Directors and independent directors shall be elected concurrently, and the number of successful candidates shall be counted separately.

The Regulations for Election of Directors shall be established by the shareholders' meeting.

#### Article 17-1

When the number of vacancies of directors reaches one third of the total number of directors, the board of directors shall convene an special shareholders meeting within sixty days to fill the vacancies. The term office shall be limited to fulfill the original term of office only.

#### Article 18

Directors shall form the board of directors, and the authorities of the board of directors are as follows:

I. Establish the articles of incorporation.

II. Decide business directives.

III. Review of budget and final accounts.

IV. Appointment and discharge of important employees.

V. Determine distribution of earnings.

VI. Other matters according to the laws and the resolutions of shareholders' meetings.

#### Article 19

Directors shall elect a Chairman from among themselves, and may have one Vice Chairman. The Chairman represents the Company externally.

#### Article 20

The board of directors' meeting of the company is convened once quarterly. For the convention of board of directors' meeting, the convention reasons shall be indicated clearly, and all directors shall be informed of the meeting seven days in advance. However, in case of emergencies, a meeting may be convened at any time. The notice of meeting convention described in the preceding paragraph may be made in writing

or via facsimile; provided that with the consent of the addressee, the notice may be given in electronic form.

Meetings of the board of directors shall be called and chaired by the Chairman of the board. However, the first meeting of each term of the board of directors' meetings shall be called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting, and such director calling the meeting shall act as the chair of the meeting. If there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to do so.

In case where the Chairman is on leave or cannot exercise his or her power for any cause, the Vice Chairman shall act as a proxy thereof. If there is no Vice Chairman or the Vice Chairman is also on leave or cannot exercise his or her power due to reasons, the Chairman shall appoint a director to act as a proxy thereof. In case where the Chairman fails to appoint a proxy, the directors shall elect one person from among themselves to act as the proxy.

A director may attend a board of directors' meeting as a proxy of another director; provided that a director is limited to act as a proxy of another director only.

During the convention of a board of directors' meeting, if it is held with the video conference method, directors attending the meeting through video conference shall be deemed to attend the meeting in person.

Article 20-1 During the period of adjournment of board of directors' meeting of the Company, except for matters required to be submitted to the board of directors' meeting for discussion according to the laws, the Chairman may be authorized to exercise the authorities of board of directors, and the content of authorization is as follows:

- I. Approval of various important contracts.
- II. Approval of real estate mortgage loan and other loans.
- III. Approval of the purchase and disposition of general properties and real properties of the Company.
- IV. Designation of directors and supervisors of re-invested companies.
- V. Approval of capital increase or decrease base date and cash dividend distribution base date.

Article 21 Unless otherwise specified in the Company Act, resolutions of board of directors shall be executed based on the attendance of the majority of directors and the consents of more than half of the attending directors. In addition, to satisfy relevant business needs, the Company may provide guarantees to the external according to the resolution of the board of directors' meeting.

Where a meeting proposal or matter is related to one's personal interest of a director, such director shall explain the important content of the personal interest in the board of directors' meeting at that time.

Article 22 The Company establishes the Audit Committee according to Article 14-4 and Article 181-2 of the Securities and Exchange Act.. The original authorities required to be exercised by the supervisors according to the Company Act, Securities and Exchange act as well as other laws shall be exercised by the Audit Committee. Thee Audit Committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.

Article 23 (Deleted)

Article 24 The board of directors of the Company may further establish other functional committees, and the committee charters are to be stipulated by the board of directors.

Article 25 (Deleted)

Article 26 The remuneration of directors of the Company shall be paid based on the participation level and the contribution of the directors to the operation of the Company along with the consideration of the standard adopted in the same industry.

**Chapter 5 Managerial Officers and Consultants**

Article 27 The Company may have a number of managerial officers, and the appointment, discharge and the remuneration of the managerial officers shall be handled according to the Company Act.

Article 28 Upon the resolution of the board of directors' meeting, the Company may employ a number of consultants.

**Chapter 6 Final Account and Earnings Distribution**

Article 29 The general final account of the Company is performed once for each fiscal year, and the date of December 31 shall be the final account date.

Article 30 At the end of each fiscal year, the board of directors of the Company shall prepare the following statements and reports, and shall be reviewed according to the statutory procedure and audited, followed by submitting to the regular shareholders meeting to request for ratification:

- I. Business report.
- II. Financial statements.
- III. Proposal for distribution of earnings or covering of losses.

After the ratification by the regular shareholders meeting the board of directors shall distribute the resolutions for the financial statements and earnings distribution or loss off-setting to all shareholders.

The distribution of the financial statements and earnings distribution or loss off-setting resolutions may be made via the public announcement method.

Article 31 The industrial environment of the Company is close related to the overall domestic and foreign economies, and the industry growth cycle is at the stage of heading toward maturity; therefore, regarding the determination on the proposal of earnings distribution, the board of directors shall consider the future capital expense budget and demand of fund of the Company and shall also evaluate the necessity to fulfill the demand of fund with the surplus earnings in order to determine the amount of earnings to be reserved or distributed as well as the amount of distribution of dividends or bonuses in cash to shareholders.

Where the Company has a surplus earnings after closing of accounts in each fiscal year, amount shall appropriated to pay the profit-seeking enterprise income tax according to the laws and make up the accumulated loss from the past years, followed by setting aside 10% thereof as the legal reserve first. In addition, after further appropriating or reversing special reserve according to the laws, the balance shall be the current distributable earnings, and after the accumulated retained earnings from the last year is added to the current distributable earnings, the sum thereof refers to the accumulated distributable earnings.

Shareholders' bonus shall not be lower than 20% of the distributable amount of the current period, and the cash dividend ratio shall not be less than 30% of the total dividend distribution amount of the current year. The board of directors shall prepare the earnings distribution proposal according to relevant factors of the future business or re-investment needs and submit the proposal to the shareholders' meeting for resolution, followed by executing the distribution accordingly.

The Company authorizes, in accordance with the law, that the board of directors may reach a special resolution on the issuance of cash for all or a portion of the distributable dividends and bonuses and to report to the shareholders' meeting, such that the requirement for resolution of the shareholders' meeting described in the preceding paragraph shall not be applicable.

Article 32 Where the Company has a profit in a fiscal year, it shall allocate 2% of the profit as employees' remuneration and no more than 3% of the profit as the remuneration of directors. However, where the Company still has accumulated losses, amount shall be reserved to make up the accumulated loss first.

The term of "current-year profit" described above refers to the profit before subtracting the employees' remuneration and the remuneration of directors from the current-year income before tax.

#### **Chapter 7 Supplemental Provisions**

Article 33 The organizational charters and operational rules of the Company shall be further established by the board of directors.

Article 34 For any matters not specified in this Article of Incorporation, such matters shall be handled according to the regulations of the Company Act and relevant laws.

Article 35 These Articles of Incorporation shall become effective after the resolution of the shareholders' meeting for execution, and the same requirement shall be applied to amendments thereof.

Article 36 These Articles of Incorporation were established on November 13, 1978, and were amended on:

- |                       |                        |                        |                     |
|-----------------------|------------------------|------------------------|---------------------|
| (01) June 3, 1979     | (02) June 26, 1979     | (03) July 19, 1979     | (04) May 5, 1981    |
| (05) April 2, 1982    | (06) June 29, 1982     | (07) July 15, 1983     | (08) April 20, 1984 |
| (09) October 18, 1984 | (10) November 10, 1985 | (11) February 15, 1986 | (12) May 23, 1987   |
| (13) July 25, 1987    | (14) February 10, 1988 | (15) April 27, 1988    | (16) May 2, 1989    |
| (17) January 25, 1990 | (18) May 29, 1991      | (19) March 20, 1992    | (20) June 9, 1993   |
| (21) May 18, 1994     | (22) June 8, 1995      | (23) June 7, 1996      | (24) June 5, 1997   |
| (25) May 26, 1999     | (26) June 12, 2000     | (27) June 14, 2001     | (28) May 29, 2002   |
| (29) May 29, 2003     | (30) June 9, 2004      | (31) June 10, 2005     | (32) June 12, 2006  |
| (33) June 14, 2007    | (34) June 12, 2008     | (35) June 17, 2009     | (36) June 21, 2010  |
| (37) June 16, 2011    | (38) June 20, 2012     | (39) June 20, 2013     | (40) June 11, 2014  |
| (41) June 10, 2015    | (42) January 15, 2016  | (43) June 14, 2016     | (44) June 13, 2017  |
| (45) June 12, 2018    | (46) June 19, 2019     | (47) June 16, 2020     |                     |

NANTEX INDUSTRY CO., LTD.  
Chairman: Tung-Yuan Yang

### Minimum Shareholding Requirements for All Directors and Number and Percentage of Shareholding of Individual Directors

- I. In accordance with the provisions of Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the Company elects four independent directors, and the shareholding of all directors, excluding independent directors, calculated according the required ratio is reduced to 80%, i.e., the total number of registered shares held by all directors shall not be less than 80% (equivalent to 15,757,333 shares) of the total number of shares issued by the Company.
- II. The number and percentage of shareholdings of each director are as follows:

Title	Name	Number of shares held	Percentage
Chairman	Tainan Spinning Co., Ltd. Representative: Tung-Yuan Yang	105,549,052	21.43%
Director	Tainan Spinning Co., Ltd. Representative: Po-Ming Hou Representative: Liang-Hung Wu Representative: Po-Yu Hou Representative: Chih-Yuan Hou Representative: Li-Fan Wang Representative: Ching-Yao Chuang	Same as Tainan Spinning Co., Ltd.	
Director	Li-Ling Cheng	7,493,782	1.52%
Director	SHIN HO SING INVESTMENT CO., LTD. Representative: Ching-Feng Wu	10,129,684	2.06%
Director	Ta Chen Construction & Engineering Corp. Representative: Ming-Fan Hsieh	13,327,483	2.71%
Director	Rei Xing International Investment Co., Ltd. Representative: Ying-Chih Chuang	12,496,717	2.53%
Director	YoungYun Investment Co., Ltd. Representative: Chung-Ho Wu	1,043,150	0.21%
Director	Pi-Ying Cheng	3,942,940	0.80%
Director	Jiu Fu Investment Co., Ltd. Representative: Po-Tsang Tu	23,960,668	4.87%
Director	HON HAN ENTERPRISE CORPORATION Representative: Meng-Hsing Liao	10,734,869	2.18%
Director	Wen-Teng Hou	4,610,417	0.93%
Independent director	Te-Kuang Chou	0	0.00%
Independent director	Yung-Tzu Huang	0	0.00%
Independent director	Ming-Tsai Lai	0	0.00%
Independent director	Wu-Jung Shih	0	0.00%
<b>Total</b>		193,288,762	39.25%

- III. The number of shares held disclosed above is up to the book closure date (April 17, 2021) of the present shareholders' meeting. The shareholders' roster of the Company indicates the number of shares held by individual and all directors.