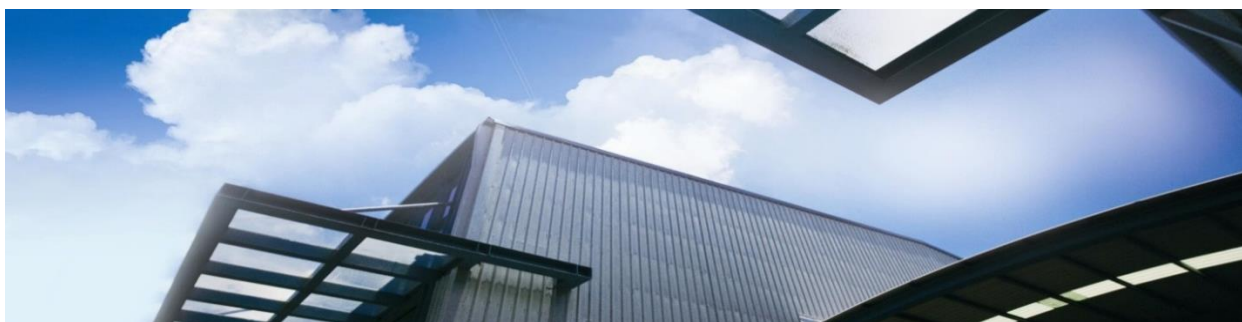




世堃塑膠股份有限公司 Shih-Kuen Plastics CO., LTD.

Minutes for 2021 Annual Shareholders Meeting



Date: July 2, 2021

Venue: Ma-Dou District Agriculture Office Building
(3F, 56 Xing Sheng North Road, Ma-Dou District, Tainan)

Translation Summary

This English translation is prepared in accordance with the Mandarin version for reference purposes only. Please prevail the Mandarin version if there are any discrepancy with the translation.

Date: Friday, July 2, 2021

Time: 9:30 a.m.

Venue: Ma-Dou District Agriculture Office Building
(3F, 56 Xing Sheng North Road, Ma-Dou District, Tainan)

Attending Shareholders:

44,721,830 shares of attending shareholders and proxy (of which 62,775 shares were by electronic means) represents 81.29% of total outstanding shares, 55,014,000.

Attending Board of Directors:

Chang-Fu Lin, Chun-Cheng Chen, Zhi-Ming Hong, Zhi-Cheng Hong, Liang-Cheng Chou (Independent Director), Szu-Cheng Chou (Independent Director)
Total Number of Directors: 7, Attending Directors: 6,
Attendance Rate: 85.71 %

Attending Supervisors:

Hui- Chen Ma, Chih-Min Chen, Huann-Wen Chen
Total Number of Supervisors: 3, Attending Supervisors: 3,
Attendance Rate: 100 %

Attending Accountant:

Mr. Tzu-Meng Liu, of PwC Taiwan

Chairman: Mr. Chang-Fu Lin, Chairman of the Board of Directors



Recorder: Lin, Hsiang-Yun



1. Call Meeting to Order (omitted)
2. Chairman's Address (omitted)
3. Report Items
 - (1) Business Report 2020 ([Attachment I](#), pp. [5-6])
 - (2) Supervisor's Review Financial Statement 2020 ([Attachment II](#), pp. [7])
 - (3) Report on Remuneration Distribution of Employees, Directors and Supervisors, 2020
The Board has approved the following Remuneration Distribution Plan on February 25th, 2021:
 - i. Remuneration of Directors and Supervisors is NT\$2,982,199.
 - ii. Employee Compensation is NT\$2,982,199.
 - iii. Comparing the above-mentioned proposed amount of remuneration NT\$5,964,398 and the accounting estimate NT\$6,162,432, the difference of NT -\$198,034 will be adjusted in the expense of FY21 accordingly.

4. Ratification Items

(1) Business Report and Financial Statements, 2020

Explanatory Notes:

(1) The Company's 2020 Financial Statements, including Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Equity, and Cash Flow Statement, were approved at the Board on February 25, 2021 and reviewed by the supervisors. ([Attachment II](#), pp. [7])

(2) All the financial reports listed above were audited by accountants, Mr. Yung-Chih Lin and Mr. Tzu-Meng Liu, of PwC Taiwan. ([Attachment III](#), pp. [8-13])

Resolution:

Voting Result		For	Against	Invalid	Abstain
Attendance	44,659,055	44,659,055	-	-	-
E-Voting	62,775	53,216	2,381	-	7,178
Total Shares	44,721,830	44,712,271	2,381	-	7,178
		99.97%	0%	0%	0.01%

The proposal was approved with over one half of votes representing at the meeting. 2020 Business Report and Financial Statements were hereby approved and adopted as submitted.

(2) Profit Distribution Proposal, 2020

Explanatory Notes:

I. After adjusting the Retained Earnings of 2020 including legal reserves and associated expenses related to dividends distribution, the Board of Directors has approved the following profit distribution plan: ([Attachment IV](#), pp. [14])

1. Distributing a total of NT \$99,025,200 capital surplus in cash dividends.
2. Issuing cash dividends only.

II. The Board proposes to distribute cash dividends of \$1.80 per share.

According to the Company Act, the approval of the shareholders meeting authorizes the Board of Directors to resolve the ex-dividend date, payment date, and other relevant issues. The Board shall adjust the cash dividends based on the number of actual shares outstanding on the record date.

Resolution:

Voting Result		For	Against	Invalid	Abstain
Attendance	44,659,055	44,659,055	-	-	107,987
E-Voting	62,775	53,216	2,381	-	2,775
Total Shares	44,721,830	44,712,271	2,381	-	110,762
		99.97%	0%	0%	0.01%

The proposal was approved with over one half of votes representing at the meeting. The distribution of 2020 Remuneration is hereby approved and adopted as the proposal.

5. Questions and Motions

There being no other business and special motion.

6. Meeting Adjourned at 9:50am

Attachments

- I. Business Report 2020
- II. Supervisors' Review Report 2020
- III. Financial Statements 2020
- IV. Statements of Profit Distribution 2020

Business Report 2020

In 2020, the coronavirus pandemic has drastically changed consumer spending and manufacturers in every sector. These has a lasting impact on consumer needs and behaviors that significantly impacted business and economies worldwide.

The operating revenue for FY20 was NT \$1,005,070 thousands, a decrease of 3.88% from NT \$1,045,670 thousands in FY19. Company's average material price was down by 6.06% including the decrease of 5.25% in major materials. Due to the non-operating expenditure caused by foreign exchange loss against USD, the net income and earnings per shares of FY 20 is \$114,356 and NT \$2.08 respectively; Even during the COVID-19 crisis, Shih-Kuen Plastics consistently strived hard to maintain operating performance and profitability.

Looking forward, 2021 will be another challenging year full of uncertainties. To remain competitive in the market, Shih-Kuen Plastics will keep up the current operating strategies to secure its key competitiveness by closely monitoring market trends, controlling procurement costs and expanding oversea market opportunities. From the internal management perspectives, Shih-Kuen Plastics offers regular employee training, optimize production efficiency, quality and yield, developing new specifications, and controlling operation cost.

Followings are analysis of operation performance, financial conditions strategic plans:

1. Annual Income, FY20 and FY19 (in thousands of New Taiwan Dollars):

	FY20		FY19		Change (%)
	Amount	%	Amount	%	
Operating Revenue	1,005,070	100.00	1,045,670	100.00	(3.88)
Operating Cost	(769,692)	(76.58)	(802,812)	(76.77)	(4.13)
Gross Profit	\$ 235,378	23.42	\$ 242,858	23.23	(3.08)
Operating Expense	(73,062)	(7.27)	(82,112)	(7.85)	(11.03)
Operating Income	\$ 162,316	16.15	\$ 160,746	15.38	0.98
Non-Operating Income and Expenses	(19,369)	(1.93)	1,089	0.10	1,878.51
Profit Before Income Tax	\$ 142,947	14.22	\$ 161,835	15.48	(11.67)
Income Tax Expense	(28,591)	(2.84)	(33,120)	(3.17)	(13.67)
Net Income for the Year	\$ 114,356	11.38	\$ 128,715	12.31	(11.16)

2. Budget Execution FY20

As FY20 budget was not disclosed, budget execution is not available to discuss.

3. Profitability Analysis FY20 and FY19 (in percentage %, except EPS in New Taiwan Dollars):

	FY20	FY19
Capital Structure		
Debt Ratio	12.50	13.82
Long-Term Capital Ratio	353.62	343.28
Liquidity Analysis		
Current Ratio	703.84	633.29
Quick Ratio	621.16	571.43
Return on Assets	9.74	10.76
Return on Shareholders' Equity	11.21	12.51
Return on Capital Employed		
Operating Profits	29.50	29.22
Operating Profits Before Tax	25.98	29.42
Net Profitability	11.38	12.31
Earnings Per Share (NT\$)	\$ 2.08	\$ 2.34

4. Research and Development:

While Shih-Kuen Plastics continuously supports clients with quality PVC Sheet by fulfilling diverse market demands, the Company offers versatile customization options from printing, cold-crack, high-resistance, waterproof to anti-mod features.

There are the five major product categories available in mass production:

1. Double-Polished Normal Clear & Super Clear PVC Sheet
2. Double-Polished Super Clear PVC Sheet
3. Embossed, Translucent & Opaque PVC Sheet
4. PVC Sheet for Digital Printing and Advertisement
5. Impact-Resistant PVC Sheet

5. Strategic Plan:

- I. Developing stronger bond with domestic clients to secure stable order demands and simultaneously expanding international markets.
- II. Establishing long-term supplier relationship to ensure provision of supplies and mitigate price volatility.
- III. Providing regular employees training to excel in professions and managerial skills.
- IV. Optimizing machinery performance to enhance efficiency, product quality, yield, and control production cost.
- V. Improving administrative management and employee incentive programs, attracting talents to join Shih-Keun Plastics and maintaining company's sustainability.

Shih-Kuen Plastics will continuously pursue rationalizing policies and implement lean human resource management, professional team division and products quality stability, aiming towards sustainability and workplace diversity in a long run.

Chairman:
Lin, Chang-Fu



General Manager:
Chen, Chun-Cheng



Chief Accountant:
Lin, Hsiang-Yun



SHIH-KUEN PLASTICS CO., LTD.

Supervisors' Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Proposal for Profits Distribution, and Financial Statements audited by the accountants, Yung-Chih Lin, and Tzu-Meng Liu, of the PwC Taiwan. We as the Supervisors of the Company have examined the aforementioned documents and confirmed no unconformities. According to the Article 219 of *Company Act*, we hereby submit this report. Please be advised accordingly.

Submitted to:

The Company's 2021 Annual Shareholders' Meeting

Supervisors

Ma, Hui- Chen
Chen, Chih-Min
Chen, Huann-Wen

February 25, 2021

SHIH-KUEN PLASTICS CO., LTD.

BALANCE SHEETS

December 31, 2019 and 2020

(in thousands of New Taiwan Dollars)

	2020		2019		
	Amount	%	Amount	%	
ASSETS					
Current Assets					
1100	Cash and Cash Equivalents	365,529	31	616,713	52
1136	Amortized Cost of Current Financial Assets	207,539	18		
1150	Notes Receivables, Net	19,659	2	21,282	2
1170	Account Receivables, Net	169,695	14	148,636	13
1200	Other Receivables	48	-	69	-
130X	Inventories	100,785	9	80,997	7
1410	Prepayment	707	-	4,158	-
11XX	Total Current Assets	\$ 863,962	74	\$ 871,855	74
Non-Current Assets					
1600	Property, Plant and Equipment	288,234	25	297,562	25
1755	Right-of-Use Asset	2,041	-	3,265	-
1840	Deferred Income Tax Assets	8,462	1	10,526	1
1920	Guarantee Deposit Paid	2,108	-	2,128	-
15XX	Total Non-Current Assets	\$ 300,845	26	\$ 313,481	26
1XXX	Total Assets	\$ 1,164,807	100	\$ 1,185,336	100
LIABILITIES AND EQUITY					
Current Liabilities					
2100	Short-Term Borrowings	-	-	3,279	1
2150	Notes Payables	14,094	1	13,007	1
2170	Accounts Payable	62,632	5	69,210	6
2200	Other Payables	37,083	3	36,655	3
2230	Current Income Tax Liabilities	7,699	1	14,332	1
2280	Current Lease Liabilities	1,242	-	1,188	-
21XX	Total Current Liabilities	\$ 122,750	10	\$ 137,671	12

(continued)

Attachment III

Non-Current Liabilities					
2580	Non-Current Lease Liabilities	859	-	2,101	-
2640	Net Defined Benefit Liabilities- Non-Current	20,817	2	21,433	2
2645	Guarantee Deposits Received	1,119	-	2,665	-
25XX	Total Non-Current Liabilities	<u>22,795</u>	<u>2</u>	<u>26,199</u>	<u>2</u>
2XXX	Total Liabilities	<u>\$ 145,545</u>	<u>12</u>	<u>\$ 163,870</u>	<u>14</u>
EQUITY					
Share Capital					
3110	Share Capital - Common Shares	550,140	47	550,140	46
3200	Capital Surplus	75	-	75	-
Retained Earnings					
3310	Legal Reserve	220,936	19	208,089	18
3350	Unappropriated Retained Earnings	<u>248,111</u>	<u>22</u>	<u>263,162</u>	<u>22</u>
3XXX	Total Equity - Contingent Liabilities & Unrecognized Contract Commitments	<u>\$ 1,019,262</u>	<u>88</u>	<u>\$ 1,021,466</u>	<u>86</u>
3X2X	Total Liabilities and Equity	<u>\$ 1,164,807</u>	<u>100</u>	<u>\$ 1,185,336</u>	<u>100</u>

SHIH-KUEN PLASTICS CO., LTD. STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2019 and 2020

(in thousands of New Taiwan Dollars, except earnings per share)

	2020		2019	
	Amount	%	Amount	%
4000 Operating Revenue	\$ 1,005,070	100	\$ 1,045,670	100
5000 Operating Costs	(769,692)	(77)	(802,812)	(77)
5900 Net Operating Margin	\$ 235,378	23	\$ 242,858	23
OPERATING EXPENSES				
6100 Selling Expenses	(35,498)	(3)	(37,874)	(4)
6200 General and Administrative Expenses	(26,677)	(3)	(31,695)	(3)
6300 Research and Development Expenses	(7,268)	(1)	(6,823)	(1)
6450 Expected Credit Gain (Loss)	(3,619)		(5,720)	
6000 Total Operating Expenses	(73,062)	(7)	(82,112)	(8)
6900 Operating Profit	\$ 162,316	16	\$ 160,746	15
NON-OPERATING INCOME AND EXPENSES				
7100 Interest Income	5,227	1	8,182	
7010 Other Income	832	-	928	1
7020 Other Gains and Losses	(25,306)	(3)	(7,969)	(1)
7050 Finance Costs	(122)	-	(52)	-
7000 Total Non-Operating Income and Expenses	\$ (19,369)	(2)	\$ 1,089	2
7900 Profit Before Income Tax	\$ 142,947	14	\$ 161,835	15
7950 Income Tax Expense	(28,591)	(3)	(33,120)	(3)
8200 Net Income for The Year	\$ 114,356	11	\$ 128,715	12
(Other comprehensive income (loss) or related components will not be reclassified to profit or loss)				
8311 Re-measurement of Defined Benefit Obligation	(1,289)	-	(306)	-
8349 Income Tax	258	-	61	-
8300 (Other related components of comprehensive income will not be reclassified to profit or loss.)	(1,031)		(245)	
8500 Total Comprehensive Income for the Year	\$ 113,325	11	\$ 128,470	12
EARNINGS PER SHARE				
9750 Basic Earnings per Share (in NT \$)	\$ 2.08		\$ 2.34	
9850 Diluted Earnings per Share (in NT \$)	\$ 2.07		\$ 2.33	

SHIH-KUEN PLASTICS CO., LTD.

STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2019 and 2020

(in thousands of New Taiwan Dollars)

Attachment III
Financial Reports 2019

	Share Capital		Capital Surplus		Retained Earnings		Total Equity	
	Common Share		Gain / Disposal of Assets		Legal Reserve	Unappropriated Earnings		
BALANCE, JANUARY 1 ,2019	\$	550,140	\$	75	\$	190,613	295,204	1,036,032
Net Income for the Years, Ended Dec. 2019		-		-			128,715	128,715
Other Comprehensive Income, Ended Dec. 31,2019							(245)	(245)
Total Comprehensive Income, 2019							128,470	128,470
Distribution of 2018 Net Income								
Legal Reserve						17,476	(17,476)	-
Cash Dividends							(143,036)	(143,036)
BALANCE, DECEMBER 31 ,2019	\$	550,140	\$	75	\$	208,089	\$ 263,162	\$ 1,021,466
BALANCE, JANUARY 1 ,2020		550,140	\$	75	\$	208,089	\$ 263,162	\$ 1,021,466
Net Income for the Years, Ended Dec. 2020							114,356	114,356
Other Comprehensive Income, Ended Dec. 31,2020		-		-			(1,031)	(1,031)
Total Comprehensive Income, 2020							113,325	113,325
Distribution of 2019 Net Income								
Legal Reserve						12,847	(12,847)	-
Cash Dividends							(115,529)	(115,529)
BALANCE, DECEMBER 31 ,2020	\$	550,140	\$	75	\$	220,936	\$ 248,111	\$ 1,019,262

SHIH-KUEN PLASTICS CO., LTD.

STATEMENTS OF CASH FLOW

For the years ended December 31, 2019 and 2020

(in thousands of New Taiwan Dollars)

	Year Ended Dec. 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax for the year	\$ 142,947	\$ 161,835
Adjustments		
Expected Credit Loss (or Gain)	3,619	5,720
Depreciation	12,537	12,768
Gain (Loss) on Disposal of Property, Plant and Equipment	1	-
Interest Income	(5,227)	(8,182)
Interest Expenses	122	52
Changes in Operating Assets and Liabilities		
Changes in Operating Assets		
Notes Receivable	1,623	23,882
Accounts Receivable	(24,678)	3,729
Other Receivables	21	25
Inventories	(19,788)	35,013
Prepayments	3,451	(1,667)
Changes in Operating Liabilities		
Notes Payable	929	(3,245)
Accounts Payable	(6,578)	10,326
Other Payables	(976)	(4,189)
Net Defined Benefit Liabilities-Non-Current	\$ (1,905)	\$ (1,892)
Cash Inflow Generated from Operations	\$ 106,098	\$ 199,644
Interest Received	5,227	8,182
Interest Paid	(122)	(52)
Income Tax Paid	(32,902)	(51,435)
Net Cash Inflows from Operating Activities	\$ 78,301	\$ 190,870

(continued)

CASH FLOWS FROM INVESTING ACTIVITIES

Amortized Cost of Current Financial Assets	(207,539)	-
Cash Paid for Acquisition of Property, Plants & Equipment	(424)	(2,477)
Increase in Prepayment for Equipment	20	(1,620)
Net Cash Flows Used in Investing Activities	<u>\$ (207,943)</u>	<u>\$ (4,097)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in Short-Term Borrowings	(3,279)	2,452
Payment of Lease Liabilities	(1,188)	(384)
Increase (Decrease) in Guarantee Deposit Received	(1,546)	1,220
Payment of Cash Dividends	(115,529)	(143,036)
Net Cash Flows Used in Financing Activities	<u>\$ (121,542)</u>	<u>\$ (139,748)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (251,184)	\$ 47,025
Cash and Cash Equivalents, Beginning	<u>616,713</u>	<u>569,688</u>
Cash and Cash Equivalents, Ending	<u>\$ 365,529</u>	<u>\$ 616,713</u>

SHIH-KUEN PLASTICS CO., LTD.
STATEMENTS OF PROFIT DISTRIBUTION 2020
(in New Taiwan Dollars)

Items		Amount
Net Profit Before Tax for the Current Year	\$	114,356,052
Less: Income Tax		(1,030,765)
Less: Legal Reserve (=10% of Profit After Tax 2019)		(11,332,529)
Earnings Available for Distribution in 2019	\$	101,992,758
Add: Unappropriated Retained Earnings, Beginning		134,785,234
Accumulated Distributable Earnings	\$	236,777,992
Less: Cash Dividends (= NT \$1.8/shares × 55,014,000 shares)		(99,025,200)
Unappropriated Retained Earnings, Ending	\$	137,752,792

Chairman:

Lin, Chang-Fu



General Manager:

Chen, Chun-Cheng



Chief Accountant:

Lin, Hsiang-Yun

