

Stock Code: 1305

China General Plastics Corporation

Handbook for the

2018 Annual General Meeting of Shareholders

Date: June 22, 2018

**Location: 2F., No.106, Gongyuan Rd, Zhunnan
Town Miaoli County, Taiwan (R.O.C.)**

Maison De Chine

Table of Contents

Meeting Procedure	2
Meeting Agenda	3
Report Items	5
Matters for Ratification and Discussion	16
Extemporaneous Motions	48
Appendices:	
1. Parliamentary Rules for Shareholders' Meetings	49
2. Articles of Incorporation (before amendment)	53
3. Parliamentary Rules for Directors' Meetings	59
4. Operating Procedure for Making of Endorsements/Guarantees (before amendment)	66
5. Stake of Directors	72
6. The Impact of Stock Dividend Issuance on Business Performance, EPS, and ROE	73
7. Description of Handling of Stockholder Proposals	75

China General Plastics Corporation Procedure of the 2018 Annual General Meeting of Shareholders

1. Announcement of the Commencement of the Meeting
2. Chairperson Takes Chair
3. Opening Speech of the Chairperson
4. Report Items
5. Matters for Ratification and Discussion
6. Extemporaneous Motions
7. Adjournment

China General Plastics Corporation
Year 2018
Agenda of Annual General Meeting of
Shareholders

Date : June 22, 2018 (Friday) AM 09:00

Location : 2F., No.106, Gongyuan Rd, Zhunnan Town Miaoli
County, Taiwan (R.O.C.)

Maison De Chine

1. Report Items :

- (1) To report 2017 Operating results.
- (2) To report Audit Committee's Review Reports of 2017 Financial Statement.
- (3) To report 2017 remuneration of directors and employees.
- (4) To report the amendment to Parliamentary Rules for Directors' Meetings.
- (5) To report the progress and plan of 2017 Corporate Social Responsibility Report.

2. Matters for Ratification and Discussion

- (1) To ratify 2017 Business Report and Financial Statements.
- (2) To ratify 2017 earnings distribution.

- (3) To approve the capitalization on stock dividends.
- (4) To approve the amendment to the Articles of Incorporation.
- (5) To approve the amendment to the Operating Procedure for Making of Endorsements/Guarantees.
- (6) To approve the permission of a director for competitive actions.

3. Extemporaneous Motions

4. Adjournment

I. Report Items:

Report 1

To report 2017 operating results.

China General Plastics Corporation 2017 Business Report

The 2017 net sales of the Company is NT\$ 8.11 billion dollars, an increase of NT\$ 649 million dollars over the same period of last year and the budget achieving rate is 103%. The operating profit is NT\$ 700 million dollars, an increase of NT\$ 85 million dollars over the same period of last year with a growth rate of 14%, and the target achieving rate is 105%. Non-operating profit is NT\$ 715 million dollars. Annual net operating profit after tax is NT\$ 1.27 billion dollars, a decrease of NT\$ 173 million dollars over the same period of last year, and the target achieving rate is 92%.

Review of 2017 annual operation: Despite the production reduction of OPEC in the first half of the year, due to the U.S.' increased production of shale oil and weak demand on global crude oil, the WTI of crude oil has dropped from US\$54 to US\$42 per barrel. In the second half of the year, as the economy of Europe, U.S. and Japan showed up trends along with the OPEC agreement on the extension of production reduction, WIT continues to increase to US\$59 per barrel. Due to the high demand for SM and the major turn arounds on cracking plants, the price of ethylene remained high. In the first half of the year, with the turn arounds in the Middle East being carried out one after another, the price of EDC increased significantly. However, in the second half of the year, due to the high global demand in caustic soda, chlor-alkali plant generated relatively greater amount of EDC such that the price dropped correspondingly. Regarding VCM, with the more operation on new capacity in Asia, the supply thereof is relatively sufficient. Therefore, it made the bigger spread between PVC and VCM in last year. In the first half of the year, due to the real estate being depressed in China, the monsoon in India and the Ramadan holidays, the PVC demands were slow. For the second half of the year, despite the fact that there were interferences due to the new GST imposed in India, the economy in Europe, U.S., Japan and

Brazil continued to recover as well as under the influence caused by the short production of VCM and PVC in the U.S., the PVC manufacturers in Asia were able to take over the position of U.S. manufacturers to supply to the Middle East markets, especially Iran and Syria. Our company continued upholding the spirit of integration of Vinyl Chain and actively planned the renewal of production equipment in order to enhance the production performance. With the goal of maximizing production and sales in cooperation with the series of VCM/PVC/fabricated products, the production and sales of the upstream and downstream is smooth along with the appropriate operations of cost control and continued expansion of PVC export markets, the export sales volume increased by 27% against last year and the annual PVC sales volume achieved 105% of the plan, with the operating profits of NT\$ 338 million dollars. In terms of chemical products, with the global caustic soda remaining at high prices, the domestic chlor-alkali demand and supply are balanced. Consequently, the product sales volume achieved 105% of the plan, and the operating profit is NT\$ 198 million dollars. Regarding the fabricated products, the appreciation of NTD reduced the competitiveness for order intakes. In addition, due to the impacts of the competitors at low prices from China, Mexico, India and Southeast Asia countries as well as the customs barrier, the sales volume only achieved 91% of the plan. Nevertheless, under the efforts of the management team, with the launch of new products of high added value, improvement of product mix and increase of capacity utilization with effective reduction of costs, the operating profit is NT\$ 164 million dollars. Regarding the re-investments, the production quantity of VCM of TVCM Corporation is 440 thousand tons, an increase of 17 thousand tons over the same period in last year, which achieved 101% of the plan; the sales volume is 441 thousand tons, an increase of 21 thousand tons over the same period of last year, which achieved 102% of the plan, and the profit of NT\$ 543 million dollars. In addition, the PVC output of CGPC Polymer Corporation is 205 thousand tons, an increase of 11 thousand tons over the same period in last year, and achieved 102% of the plan; sales volume is 200 thousand tons, an increase of 3 thousand tons over the same period in last year, and achieved 99.5% of the plan, with profit of NT\$ 249 million dollars.

Outlook of 2018 operation: The global economy will continue recovering and the markets in most countries are optimistic. With the

growth of crude oil demand, the international oil market is heading toward the balance between demand and supply. The spot market price of ethylene dropped during the time before and after the Chinese New Year. However, there have been 11 naphtha cracking plants in Asia with the capacity exceeding 8.8 million tons of ethylene are planed for turn arounds during March to June, the demand for ethylene is expected to remain high. The PVC future and physical market prices of PVC in China are expected to increase after the market slight correction during Chinese New Year. In India, due to the shortage of PVC supply and coming peak season for agricultural activities, the imported PVC has been increasing since December of last year. The PVC market in Bangladesh is also expected well in purchasing for consumption and for more inventories. The PVC markets in Australia and Brazil are still slow; however, the import market is expected to pick up in Q2. As the PVC demand continues to remain high in the emerging markets and the economy in Europe and in U.S. continue to recover, along with the strengthening of environmental protection audits and reduction of carbide based PVC capacity in China, the market prices of PVC/VCM are expected to increase. In addition, in view of the factors including the new high-efficiency steam boiler in operation for effective reduction of the energy cost, the completion of production for PVC foam door panel and completion of high-efficiency calendar for tape film at the end of last year, the renewal of the second set of cracking furnaces of the subsidiary TVCM at the third quarter of last year, all of such factors are expected to further reduce the cost, improve the production efficiency and reduce energy consumption as well as ensure the equipment operation safety and increase of capacity. The overall-PVC sales quantity is expected to increase in comparison to last year. The management team of the company will implement the planning based on Vinyl Chain to maximize the profit for the company. In addition, the execution of strategies in various aspects of company governance is to be enhanced, the company website and the corporate social responsibility are to be sufficiently satisfied along with the establishment of the communication system with interested parties, thereby improving the corporate social identity and properly utilizing the vertical integration system as well as active and effective management. Consequently, the niche of the company can be achieved and expanded in order to maximize the operation

performance to achieve/excel the annual budget goal.

Chairperson: Yi-Gui Wu

President: Han-Fu Lin

Chief Accounting Officer: Jian-Zhou Guo

Report Items:

Report 2

To report Audit Committee's Review Reports of 2017 Financial Statement.

China General Plastics Corporation Audit Report

This Audit Committee have audited the 2017 Business Report prepared by the Board of Directors, the financial statements (including individual and consolidated financial statements) audited and certified by CPA Shih-Tsung Wu and CPA Tzu-Jung Kuo of Deloitte Taiwan, and the proposal for profit distribution and found no nonconformity. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this report is presented for approval to AGM.

To
China General Plastics Corporation 2018 Annual General Meeting of Shareholders

Audit Committee, China General
Plastics Corporation
Independent Director: Zu-De Li
Independent Director: Ying-Bin Zheng
Independent Director:Liang-Xian Li

March 12, 2018

Report Items:

Report 3

To report 2017 remuneration of directors and employees.

Description: 1. Proceeded in accordance with related orders of the Ministry of Economic Affairs and Article 33 of the Articles of Incorporation of this Company.

2. The remuneration of 2017 for employees will be distributed in cash at 1%, NT\$14,299,959, of the 2017 earnings, and no remuneration will be distributed to directors.

Report Items:

Report 4

To report the amendment to “Parliamentary Rules for Directors' Meetings”.

Description: 1. Part of the “Parliamentary Rules for Directors' Meetings” was amended with respect to the amendment to the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies” promulgated by the Financial Supervisory Commission.

2. The content of amended provisions to the “Parliamentary Rules for Directors' Meetings” is shown in the next page.

China General Plastics Corporation

The Amendment to the Parliamentary Rules for Directors' Meetings

After amendment	Before amendment	Description
<p>Article 7: The Company shall submit the following items for discussion by the Board of Directors:</p> <p>I. The Company's business plan</p> <p>II. Annual and semi-annual financial reports with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA).</p> <p>III. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, <u>and an assessment on effectiveness of the internal control system.</u></p> <p>IV. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposition of assets, derivatives trading, funding to others, and endorsements or guarantees for others.</p> <p>V. Offering, issuance, or private placement of any equity-type securities.</p> <p>VI. Appointment or discharge of a financial, accounting, or internal</p>	<p>Article 7: The Company shall submit the following items for discussion by the Board of Directors:</p> <p>I. The Company's business plan</p> <p>II. Annual and semi-annual financial reports with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA).</p> <p>III. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.</p> <p>IV. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposition of assets, derivatives trading, funding to others, and endorsements or guarantees for others.</p> <p>V. Offering, issuance, or private placement of any equity-type securities.</p> <p>VI. Appointment or discharge of a financial, accounting, or internal audit officer.</p> <p>VII. A donation to a stakeholder or a</p>	<p>Amendments made in accordance with the amendment to the Regulations Governing Procedure for Board of Directors Meetings of Public Companies promulgated by the Financial Supervisory Commission.</p>

<p>audit officer.</p> <p>VII.A donation to a stakeholder or a major donation to a non-stakeholder, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to next directors’ meeting for retroactive recognition.</p> <p>VIII.Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or Articles of Incorporation to be approved by resolution at a shareholders' meeting or directors’ meeting, or any such significant matter as may be prescribed by the competent authority.</p> <p>The term “stakeholder” referred to in Subparagraph 7 of the preceding paragraph means a stakeholder as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term “major donation to a non-stakeholder” means any individual donation, or cumulative donations within the preceding year to a single recipient at an amount of NT\$5 million or more.</p> <p>The term “with the preceding year” in the preceding paragraph means a period of one (1) year calculated retroactively from the date on which the current directors’ meeting is convened. Amounts already submitted to and passed by a</p>	<p>major donation to a non-stakeholder, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to next directors’ meeting for retroactive recognition.</p> <p>VIII.Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or Articles of Incorporation to be approved by resolution at a shareholders' meeting or directors’ meeting, or any such significant matter as may be prescribed by the competent authority.</p> <p>The term “stakeholder” referred to in Subparagraph 7 of the preceding paragraph means a stakeholder as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term “major donation to a non-stakeholder” means any individual donation, or cumulative donations within the preceding year to a single recipient at an amount of NT\$5 million or more.</p> <p>The term “with the preceding year” in the preceding paragraph means a period of one (1) year calculated retroactively from the date on which the current directors’ meeting is convened. Amounts already submitted to and passed by a resolution of the Board are exempted from inclusion in the calculation.</p>	
--	---	--

<p>resolution of the Board are exempted from inclusion in the calculation. <u>At least one independent director of the Company shall attend each directors' meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by a directors' meeting under Paragraph 1, each independent director shall attend the meeting in person. If an independent director is unable to attend the meeting in person, he or she shall appoint another independent director to attend the meeting as his or her proxy.</u> If an independent director expresses any objection or reservation about a matter, it shall be recorded in the directors' meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some justified reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.</p>	<p><u>An independent director shall attend personally or be represented by another independent director for matters that shall be resolved by a board meeting as specified in Articles 14-3 of the Securities and Exchange Act.</u> If an independent director expresses any objection or reservation about a matter, it shall be recorded in the directors' meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some justified reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.</p>	
--	---	--

Report Items:

Report 5

To report the progress and plan of 2017 Corporate Social Responsibility Report.

Description: The Company summarizes the 2017 corporate social responsibility management directives and execution progress thereof; accordingly, the progress report for the corporate social responsibility report is as follows:

1. Based on the compliance with the GRI sustainability report (G4) guideline along with the review on the issues concerned by other petrochemical companies and the UN's sustainable development goal, various topics related to the Company in terms of the corporate governance, environmental protection and social relationship are selected.
2. Presently, the contents of the initial draft have been completed, and the Chinese version report is scheduled to be released before the end of June.

II. Matters for Ratification and Discussion:

Proposal 1

Proposed by the Board

To ratify 2017 Business Report and Financial Statements.

- Description:
1. The 2017 financial statements (including individual and consolidated financial statements) approved by the Board on March 12, 2017 are audited by CPA Shih-Tsung Wu and CPA Tzu-Jung Kuo of Deloitte Taiwan and the Audit Committee for the record.
 2. Please refer to p. 5-8 of this Handbook for the 2017 Business Report and p. 17-37 for the CPA Audit Report and the financial statements.

Resolution:

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
China General Plastics Corporation

Opinion

We have audited the accompanying financial statements of China General Plastics Corporation (the Company), which comprise the balance sheets as of December 31, 2017 and 2016, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, 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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters related to the Company's financial statements for the year ended December 31, 2017 are stated as follows:

Occurrence of Specific Revenue

As the transaction volume is huge and customers are diversified, part of the Company sales were conducted by granting customers one-off credit increase, and the reasonableness of the terms in these exceptional sales is significant to the Company's revenue recognized in 2017. Therefore, the occurrence of these specific sales is identified as one of the key audit matters.

For the accounting policy of revenue recognition, refer to Note 4 to the accompanying financial statements.

Below are our main audit procedures performed for the occurrence of specific revenue:

1. Obtained an understanding of and tested the internal control design and operating effectiveness over the credit line setting, modification and approval process;
2. Sampled the transaction documents supporting specific revenue recognized, including shipping, customs and receipt documents;
3. Sampled sales returns, provisions and cash collections occurred subsequent to the balance sheet date to verify the reasonableness of revenue recognition.

Recognition of Defined Benefit Liabilities

As of December 31, 2017, the carrying amount of the defined benefit liabilities was NT\$863,130 thousand, which accounted for 31% of the total liabilities on the balance sheet. The carrying amount of defined benefit liabilities was determined and recognized based on independent actuaries' report. The underlying assumptions utilized in the actuarial report were dependent on management's judgment and estimates with which there is a high degree of uncertainty. Thus, the recognition of defined benefit liabilities, in our professional judgment, is identified as one of the key audit matters.

For the estimates and judgments related to the recognition of defined benefit liabilities, refer to Notes 4, 5 and 19 to the financial statements.

Below are the main audit procedures performed for recognition of defined benefit liabilities:

1. Assessed the professionalism, competency, objectivity and qualification of independent actuaries engaged by management;
2. Obtained an understanding of and tested the rationality of the supporting data provided by management in the actuarial report;
3. For the methodology and major underlying assumptions utilized in the actuarial report, including discount rate and expected wage growth rate, we compared the data used with data used by peers as well as historical ones, and evaluated the appropriateness of management's judgments.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shih-Tsung Wu and Tzu-Jung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2018

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

CHINA GENERAL PLASTICS CORPORATION

BALANCE SHEETS

DECEMBER 31, 2017 AND 2016

(In Thousands of New Taiwan Dollars)

ASSETS	2017		2016	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 86,856	1	\$ 451,739	5
Financial assets at fair value through profit or loss - current	968,999	9	998,200	10
Available-for-sale financial assets - current	-	-	3,072	-
Notes receivable	175,609	2	143,385	1
Trade receivables	811,181	8	797,826	8
Other receivables	25,070	-	19,364	-
Other receivables from related parties)	1,979	-	3,350	-
Inventories	681,785	6	699,811	7
Prepayments	18,188	-	25,674	-
Other current assets	388	-	706	-
Total current assets	<u>2,770,055</u>	<u>26</u>	<u>3,143,127</u>	<u>31</u>
NON-CURRENT ASSETS				
Financial assets measured at cost - non-current	91,000	1	100,000	1
Investments accounted for using equity method	4,405,384	42	4,055,639	40
Property, plant and equipment	2,914,824	28	2,534,996	25
Investment properties	140,260	1	27,715	-
Intangible assets	4,178	-	7,907	-
Deferred tax assets	260,296	2	310,059	3
Refundable deposits	2,474	-	2,453	-
Total non-current assets	<u>7,818,416</u>	<u>74</u>	<u>7,038,769</u>	<u>69</u>
TOTAL	<u>\$ 10,588,471</u>	<u>100</u>	<u>\$ 10,181,896</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current	\$ 508	-	\$ 2,784	-
Notes payable	183	-	351	-
Trade payables	210,127	2	230,019	2
Trade payables to related parties	712,689	7	347,270	3
Other payables	340,506	3	348,989	4
Other payables to related parties	1,796	-	8,830	-
Current tax liabilities	88,007	1	87,591	1
Provisions - current	27,849	-	17,583	-
Other current liabilities	50,074	-	55,971	1
Total current liabilities	<u>1,431,739</u>	<u>13</u>	<u>1,099,388</u>	<u>11</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities	484,890	5	486,751	5
Net defined benefit liabilities - non-current	863,130	8	1,216,371	12
Other non-current liabilities	2,371	-	3,901	-
Total non-current liabilities	<u>1,350,391</u>	<u>13</u>	<u>1,707,023</u>	<u>17</u>
Total liabilities	<u>2,782,130</u>	<u>26</u>	<u>2,806,411</u>	<u>28</u>
EQUITY				
Share capital				
Ordinary Shares	4,919,996	47	4,776,695	47
Capital surplus	8,236	-	8,220	-
Retained earnings				
Legal reserve	385,973	4	241,661	2
Special reserve	408,223	4	408,223	4
Unappropriated earnings	2,063,146	19	1,899,548	19
Total retained earnings	<u>2,857,342</u>	<u>27</u>	<u>2,549,432</u>	<u>25</u>
Other equity	20,767	-	41,138	-
Total equity	<u>7,806,341</u>	<u>74</u>	<u>7,375,485</u>	<u>72</u>
TOTAL	<u>\$ 10,588,471</u>	<u>100</u>	<u>\$ 10,181,896</u>	<u>100</u>

CHINA GENERAL PLASTICS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
NET REVENUE	\$ 8,110,347	100	\$ 7,461,520	100
COST OF REVENUE	<u>6,936,238</u>	<u>86</u>	<u>6,396,635</u>	<u>86</u>
GROSS PROFIT	1,174,109	14	1,064,885	14
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	-	-	(4,210)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>7,002</u>	<u>-</u>	<u>-</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,181,111</u>	<u>14</u>	<u>1,060,675</u>	<u>14</u>
OPERATING EXPENSES				
Selling and marketing expenses	295,934	4	281,212	4
General and administrative expenses	153,109	2	132,872	2
Research and development expenses	<u>31,581</u>	<u>-</u>	<u>31,184</u>	<u>-</u>
Total operating expenses	<u>480,624</u>	<u>6</u>	<u>445,268</u>	<u>6</u>
PROFIT FROM OPERATIONS	<u>700,487</u>	<u>8</u>	<u>615,407</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	24,328	-	23,858	-
Other gains and losses	(56,210)	-	(34,596)	-
Interests expense	(60)	-	(38)	-
Share of profit or loss of subsidiaries and associates	<u>747,150</u>	<u>9</u>	<u>959,053</u>	<u>13</u>
Total non-operating income and expenses	<u>715,208</u>	<u>9</u>	<u>948,277</u>	<u>13</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,415,695	17	1,563,684	21
INCOME TAX EXPENSE	<u>145,887</u>	<u>2</u>	<u>120,559</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>1,269,808</u>	<u>15</u>	<u>1,443,125</u>	<u>19</u>

(Continued)

CHINA GENERAL PLASTICS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (3,299)	-	\$ (55,709)	(1)
Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method - remeasurement of defined benefit plans	(3,821)	-	(15,648)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>561</u>	<u>-</u>	<u>9,470</u>	<u>-</u>
	<u>(6,559)</u>	<u>-</u>	<u>(61,887)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(38,607)	-	(29,784)	-
Unrealized gain (loss) on available-for-sale financial assets	(60)	-	380	-
Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method - exchange differences on translating foreign operations	(151)	-	(1,693)	-
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method - unrealized gain on available-for-sale financial assets	11,884	-	12,574	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>6,563</u>	<u>-</u>	<u>5,064</u>	<u>-</u>
	<u>(20,371)</u>	<u>-</u>	<u>(13,459)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(26,930)</u>	<u>-</u>	<u>(75,346)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,242,878</u>	<u>15</u>	<u>\$ 1,367,779</u>	<u>18</u>
EARNINGS PER SHARE				
Basic	<u>\$ 2.58</u>		<u>\$ 2.93</u>	
Diluted	<u>\$ 2.58</u>		<u>\$ 2.93</u>	

(Concluded)

CHINA GENERAL PLASTICS CORPORATION

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)**

	Share Capital	Capital Surplus			Legal Reserve	Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity		Total Equity
		Unpaid Dividends	Others	Total		Special Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total	
BALANCE AT JANUARY 1, 2016	\$ 4,683,034	\$ 7,914	\$ 307	\$ 8,221	\$ 164,904	\$ 408,223	\$ 1,157,031	\$ 1,730,158	\$ 39,025	\$ 15,572	\$ 54,597	\$ 6,476,010
Appropriation of the 2015 earnings												
Legal reserve	-	-	-	-	76,757	-	(76,757)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(468,303)	(468,303)	-	-	-	(468,303)
Share dividends distributed by the Company	93,661	-	-	-	-	-	(93,661)	(93,661)	-	-	-	-
Cash dividends distributed by subsidiaries	-	(1)	-	(1)	-	-	-	-	-	-	-	(1)
Other changes in capital surplus	-	-	-	-	-	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2016	-	-	-	-	-	-	1,443,125	1,443,125	-	-	-	1,443,125
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	-	-	(61,887)	(61,887)	(26,413)	12,954	(13,459)	(75,346)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	-	1,381,238	1,381,238	(26,413)	12,954	(13,459)	1,367,779
BALANCE AT DECEMBER 31, 2016	4,776,695	7,913	307	8,220	241,661	408,223	1,899,548	2,549,432	12,612	28,526	41,138	7,375,485
Appropriation of the 2016 earnings												
Legal reserve	-	-	-	-	144,312	-	(144,312)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(812,038)	(812,038)	-	-	-	(812,038)
Share dividends distributed by the Company	143,301	-	-	-	-	-	(143,301)	(143,301)	-	-	-	-
Other changes in capital surplus	-	16	-	16	-	-	-	-	-	-	-	16
Net profit for the year ended December 31, 2017	-	-	-	-	-	-	1,269,808	1,269,808	-	-	-	1,269,808
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	(6,559)	(6,559)	(32,195)	11,824	(20,371)	(26,930)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	-	1,263,249	1,263,249	(32,195)	11,824	(20,371)	1,242,878
BALANCE AT DECEMBER 31, 2017	\$ 4,919,996	\$ 7,929	\$ 307	\$ 8,236	\$ 385,973	\$ 408,223	\$ 2,063,146	\$ 2,857,342	\$ (19,583)	\$ 40,350	\$ 20,767	\$ 7,806,341

CHINA GENERAL PLASTICS CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,415,695	\$ 1,563,684
Adjustments for:		
Depreciation expenses	146,961	127,067
Amortization expenses	3,889	3,742
Net loss on fair value change on financial assets carried at fair value through profit or loss	18,058	8,033
Interest expense	60	38
Interest income	(6,607)	(7,516)
Dividend income	(13)	-
Share of profit of subsidiaries and associates	(747,150)	(959,053)
Gain on disposal of property, plant and equipment	(1,427)	(1,222)
Net (gain) loss on disposal of available-for-sale financial assets	(2,936)	20
(Reversal of) write-down of inventories	2,192	(5,381)
Reversal of impairment loss recognized on property, plant and equipment	(951)	-
Unrealized gain on the transactions with subsidiaries	-	4,210
Realized gain on the transactions with subsidiaries	(7,002)	-
Loss on disposal of subsidiaries	-	11
Changes in operating assets and liabilities		
Financial assets held for trading	8,867	(175,766)
Notes receivable	(32,224)	(28)
Trade receivables	(13,355)	(77,890)
Other receivables	(5,748)	(1,285)
Other receivables from related parties	1,371	1,374
Inventories	15,834	89,983
Prepayments	7,486	(4,305)
Other current assets	318	361
Notes payable	(168)	90
Trade payables	(19,892)	30,346
Trade payables to related parties	365,419	101,222
Other payables	(2,436)	45,978
Other payables to related parties	(7,034)	(1,711)
Provisions	10,266	(2,445)
Other current liabilities	(5,897)	12,912
Net defined benefit liabilities	(356,540)	(17,664)
Cash generated from operations	787,036	734,805
Interest received	6,649	7,484
Interest paid	(60)	(38)
Income tax paid	(90,445)	(44,158)
Net cash generated from operating activities	<u>703,180</u>	<u>698,093</u>

(Continued)

CHINA GENERAL PLASTICS CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of available-for-sale financial assets	\$ -	\$ (151)
Proceeds from sale of available-for-sale financial assets	5,948	165
Refunds of financial assets measured at cost by capital reduction	9,000	-
Dividends received from subsidiaries	-	978
Payments for property, plant and equipment	(644,671)	(236,442)
Proceeds from disposal of property, plant and equipment	1,686	1,633
Increase in refundable deposits	(21)	(47)
Decrease in long-term receivables from related parties	-	11,278
Payments for intangible assets	(160)	(459)
Dividends received	<u>373,725</u>	<u>183,192</u>
Net cash used in investing activities	<u>(254,493)</u>	<u>(39,853)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits received	732	2,173
Refunds of guarantee deposits received	(2,192)	(71)
Decrease in other non-current liabilities	(70)	-
Dividends paid	<u>(812,040)</u>	<u>(468,595)</u>
Net cash used in financing activities	<u>(813,570)</u>	<u>(466,493)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(364,883)	191,747
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>451,739</u>	<u>259,992</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 86,856</u>	<u>\$ 451,739</u>

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
China General Plastics Corporation

Opinion

We have audited the accompanying consolidated financial statements of China General Plastics Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters related to the Group's consolidated financial statements for the year ended December 31, 2017 are stated as follows:

Occurrence of Specific Revenue

As the transaction volume is huge and customers are diversified, part of the Group sales were conducted by granting customers one-off credit increase, and the reasonableness of the terms in these exceptional sales is significant to the Group's revenue recognized in 2017. Therefore, the occurrence of these specific sales is identified as one of the key audit matters.

For the accounting policy of revenue recognition, refer to Note 4 to the accompanying consolidated financial statements.

Below are our main audit procedures performed for the occurrence of specific revenue:

1. Obtained an understanding of and tested the internal control design and operating effectiveness over the credit line setting, modification and approval process;
2. Sampled the transaction documents supporting specific revenue recognized, including shipping, customs and receipt documents;
3. Sampled sales returns, provisions and cash collections occurred subsequent to the balance sheet date to verify the reasonableness of revenue recognition.

Recognition of Defined Benefit Liabilities

As of December 31, 2017, the carrying amount of the defined benefit liabilities was NT\$1,039,875 thousand, which accounted for 23% of the total liabilities on the consolidated balance sheet. The carrying amount of defined benefit liabilities was determined and recognized based on independent actuaries' report. The underlying assumptions utilized in the actuarial report were dependent on management's judgment and estimates with which there is a high degree of uncertainty. Thus, the recognition of defined benefit liabilities, in our professional judgment, is identified as one of the key audit matters.

For the estimates and judgments related to the recognition of defined benefit liabilities, refer to Notes 4, 5 and 24 to the consolidated financial statements.

Below are the main audit procedures performed for recognition of defined benefit liabilities:

1. Assessed the professionalism, competency, objectivity and qualification of independent actuaries engaged by management;
2. Obtained an understanding of and tested the rationality of the supporting data provided by management in the actuarial report;
3. For the methodology and major underlying assumptions utilized in the actuarial report, including discount rate and expected wage growth rate, we compared the data used with data used by peers as well as historical ones, and evaluated the appropriateness of management's judgments.

Other Matter

We have also audited the parent company only financial statements of China General Plastics Corporation as of and for the years ended December 31, 2017 and 2016 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shih-Tsung Wu and Tzu-Jung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2018

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)**

ASSETS	2017		2016	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 663,145	5	\$ 1,408,954	11
Financial assets at fair value through profit or loss - current	1,395,898	11	2,087,088	16
Available-for-sale financial assets - current	-	-	3,072	-
Debt investments with no active market - current	268,805	2	268,656	2
Notes receivable	179,929	1	152,341	1
Trade receivables	1,498,990	12	1,280,151	10
Other receivables	70,802	1	66,877	-
Other receivables from related parties	5,472	-	139,999	1
Current tax assets	42	-	1,085	-
Inventories	1,856,456	15	1,722,932	13
Prepayments	53,598	-	67,192	-
Other current assets	494	-	1,709	-
Total current assets	<u>5,993,631</u>	<u>47</u>	<u>7,200,056</u>	<u>54</u>
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current	2,194	-	2,102	-
Financial assets measured at cost - non-current	91,000	1	103,251	1
Investments accounted for using the equity method	298,744	3	271,354	2
Property, plant and equipment	5,729,861	45	5,227,157	39
Investment properties	140,260	1	27,715	-
Intangible assets	10,238	-	19,589	-
Deferred tax assets	270,525	2	316,467	3
Long-term prepayments for leases	100,318	1	105,920	1
Other non-current assets	36,450	-	35,376	-
Total non-current assets	<u>6,679,590</u>	<u>53</u>	<u>6,108,931</u>	<u>46</u>
TOTAL	<u>\$ 12,673,221</u>	<u>100</u>	<u>\$ 13,308,987</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ -	-	\$ 160,000	1
Short-term bills payable	-	-	299,929	2
Financial liabilities at fair value through profit or loss - current	1,701	-	3,116	-
Notes payable	183	-	351	-
Trade payables	620,443	5	789,053	6
Trade payables to related parties	232,011	2	234,127	2
Other payables	681,231	5	667,972	5
Other payables to related parties	22,605	-	28,425	-
Current tax liabilities	141,996	1	215,670	2
Provisions - current	25,127	-	16,039	-
Other current liabilities	60,650	1	65,451	1
Total current liabilities	<u>1,785,947</u>	<u>14</u>	<u>2,480,133</u>	<u>19</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16, 20 and 33)	1,050,000	8	1,050,000	8
Deferred tax liabilities (Notes 4 and 27)	594,162	5	596,167	4
Net defined benefit liabilities - non-current (Notes 4 and 24)	1,039,875	8	1,420,641	11
Other non-current liabilities (Note 32)	2,389	-	6,226	-
Total non-current liabilities	<u>2,686,426</u>	<u>21</u>	<u>3,073,034</u>	<u>23</u>
Total liabilities	<u>4,472,373</u>	<u>35</u>	<u>5,553,167</u>	<u>42</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 8, 15, 24 and 25)				
Share capital				
Ordinary shares	4,919,996	39	4,776,695	36
Capital surplus	8,236	-	8,220	-
Retained earnings				
Legal reserve	385,973	3	241,661	2
Special reserve	408,223	3	408,223	3
Unappropriated earnings	2,063,146	17	1,899,548	14
Total retained earnings	<u>2,857,342</u>	<u>23</u>	<u>2,549,432</u>	<u>19</u>
Other equity	20,767	-	41,138	-
Total equity attributable to owners of the Company	7,806,341	62	7,375,485	55
NON-CONTROLLING INTERESTS	394,507	3	380,335	3
Total equity	<u>8,200,848</u>	<u>65</u>	<u>7,755,820</u>	<u>58</u>
TOTAL	<u>\$ 12,673,221</u>	<u>100</u>	<u>\$ 13,308,987</u>	<u>100</u>

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

	2017		2016	
	Amount	%	Amount	%
NET REVENUE	\$ 14,701,741	100	\$ 14,157,389	100
COST OF REVENUE	<u>11,924,810</u>	<u>81</u>	<u>11,217,020</u>	<u>79</u>
GROSS PROFIT	<u>2,776,931</u>	<u>19</u>	<u>2,940,369</u>	<u>21</u>
OPERATING EXPENSES				
Selling and marketing expenses	803,107	6	747,081	5
General and administrative expenses	274,619	2	269,387	2
Research and development expenses	<u>48,417</u>	<u>-</u>	<u>49,431</u>	<u>1</u>
Total operating expenses	<u>1,126,143</u>	<u>8</u>	<u>1,065,899</u>	<u>8</u>
PROFIT FROM OPERATIONS	<u>1,650,788</u>	<u>11</u>	<u>1,874,470</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	47,402	-	30,881	-
Other gains and losses	(84,917)	-	(78,238)	-
Interests expense	(13,028)	-	(22,142)	-
Share of profit or loss of associates	<u>15,898</u>	<u>-</u>	<u>(3,817)</u>	<u>-</u>
Total non-operating income and expenses	<u>(34,645)</u>	<u>-</u>	<u>(73,316)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,616,143	11	1,801,154	13
INCOME TAX EXPENSE	<u>274,672</u>	<u>2</u>	<u>279,847</u>	<u>2</u>
NET PROFIT FROM CONTINUING OPERATIONS	1,341,471	9	1,521,307	11
NET (LOSS) PROFIT FROM DISCONTINUED OPERATIONS	<u>(2,197)</u>	<u>-</u>	<u>21,777</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>1,339,274</u>	<u>9</u>	<u>1,543,084</u>	<u>11</u>

(Continued)

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

	2017		2016	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (7,496)	-	\$ (71,133)	(1)
Share of the other comprehensive loss of associates accounted for using the equity method - remeasurement of defined benefit plans	(161)	-	(2,196)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>561</u>	<u>-</u>	<u>9,470</u>	<u>-</u>
	<u>(7,096)</u>	<u>-</u>	<u>(63,859)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(38,607)	-	(29,784)	-
Unrealized gain on available-for-sale financial assets	33	-	616	-
Share of the other comprehensive loss of associates accounted for using the equity method - exchange differences on translating foreign operations	(151)	-	(1,693)	-
Share of the other comprehensive income of associates accounted for using the equity method - unrealized gain on available-for-sale financial assets	11,804	-	12,368	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>6,563</u>	<u>-</u>	<u>5,064</u>	<u>-</u>
	<u>(20,358)</u>	<u>-</u>	<u>(13,429)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(27,454)</u>	<u>-</u>	<u>(77,288)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,311,820</u>	<u>9</u>	<u>\$ 1,465,796</u>	<u>10</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,269,808	9	\$ 1,443,125	10
Non-controlling interests	<u>69,466</u>	<u>-</u>	<u>99,959</u>	<u>1</u>
	<u>\$ 1,339,274</u>	<u>9</u>	<u>\$ 1,543,084</u>	<u>11</u>

(Continued)

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,242,878	8	\$ 1,367,779	9
Non-controlling interests	<u>68,942</u>	<u>1</u>	<u>98,017</u>	<u>1</u>
	<u>\$ 1,311,820</u>	<u>9</u>	<u>\$ 1,465,796</u>	<u>10</u>
EARNINGS PER SHARE				
From continuing and discontinued operations				
Basic	<u>\$ 2.58</u>		<u>\$ 2.93</u>	
Diluted	<u>\$ 2.58</u>		<u>\$ 2.93</u>	
From continuing operations				
Basic	<u>\$ 2.59</u>		<u>\$ 2.89</u>	
Diluted	<u>\$ 2.58</u>		<u>\$ 2.89</u>	

(Concluded)

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus			Retained Earnings				Exchange Differences on Translating Foreign Operations	Other Equity		Total		
		Unpaid Dividends	Others	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total			
BALANCE AT JANUARY 1, 2016	\$ 4,683,034	\$ 7,914	\$ 307	\$ 8,221	\$ 164,904	\$ 408,223	\$ 1,157,031	\$ 1,730,158	\$ 39,025	\$ 15,572	\$ 54,597	\$ 6,476,010	\$ 309,166	\$ 6,785,176
Appropriation of 2015 earnings														
Legal reserve	-	-	-	-	76,757	-	(76,757)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(468,303)	(468,303)	-	-	-	(468,303)	-	(468,303)
Share dividends distributed by the Company	93,661	-	-	-	-	-	(93,661)	(93,661)	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(26,848)	(26,848)
Other changes in capital surplus	-	(1)	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)
Net profit for the year ended December 31, 2016	-	-	-	-	-	-	1,443,125	1,443,125	-	-	-	1,443,125	99,959	1,543,084
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	-	-	(61,887)	(61,887)	(26,413)	12,954	(13,459)	(75,346)	(1,942)	(77,288)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	-	1,381,238	1,381,238	(26,413)	12,954	(13,459)	1,367,779	98,017	1,465,796
BALANCE AT DECEMBER 31, 2016	4,776,695	7,913	307	8,220	241,661	408,223	1,899,548	2,549,432	12,612	28,526	41,138	7,375,485	380,335	7,755,820
Appropriation of 2016 earnings														
Legal reserve	-	-	-	-	144,312	-	(144,312)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(812,038)	(812,038)	-	-	-	(812,038)	-	(812,038)
Share dividends distributed by the Company	143,301	-	-	-	-	-	(143,301)	(143,301)	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(54,770)	(54,770)
Other changes in capital surplus	-	16	-	16	-	-	-	-	-	-	-	16	-	16
Net profit for the year ended December 31, 2017	-	-	-	-	-	-	1,269,808	1,269,808	-	-	-	1,269,808	69,466	1,339,274
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	(6,559)	(6,559)	(32,195)	11,824	(20,371)	(26,930)	(524)	(27,454)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	-	1,263,249	1,263,249	(32,195)	11,824	(20,371)	1,242,878	68,942	1,311,820
BALANCE AT DECEMBER 31, 2017	<u>\$ 4,919,996</u>	<u>\$ 7,929</u>	<u>\$ 307</u>	<u>\$ 8,236</u>	<u>\$ 385,973</u>	<u>\$ 408,223</u>	<u>\$ 2,063,146</u>	<u>\$ 2,857,342</u>	<u>\$ (19,583)</u>	<u>\$ 40,350</u>	<u>\$ 20,767</u>	<u>\$ 7,806,341</u>	<u>\$ 394,507</u>	<u>\$ 8,200,848</u>

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	\$ 1,616,143	\$ 1,801,154
Income before income tax from discontinued operations	<u>(2,197)</u>	<u>21,777</u>
Income before income tax	1,613,946	1,822,931
Adjustments for:		
Depreciation expenses	430,606	382,244
Amortization expenses	24,755	31,459
Impairment loss (reversed) recognized on trade receivables	(2,045)	580
Net loss on fair value change on financial assets carried at fair value through profit or loss	33,565	9,510
Interest expense	13,028	22,142
Interest income	(13,710)	(11,962)
Dividend income	(79)	(65)
Share of (profit) loss of associates	(15,898)	3,817
Gain on disposal of property, plant and equipment	(2,906)	(20,673)
Net (gain) loss on disposal of available-for-sale financial assets	(2,936)	20
Impairment loss recognized on financial assets measured at cost	3,035	-
Write-down of inventories	4,490	-
Reversal of write-down of inventories	-	(3,364)
Reversal of impairment loss recognized on property, plant and equipment	(951)	-
Amortization of long-term prepayments for leases	3,413	3,362
Changes in operating assets and liabilities		
Financial assets held for trading	656,210	(177,861)
Notes receivable	(27,588)	(6,090)
Trade receivables	(226,301)	(74,402)
Other receivables	(5,888)	(9,294)
Other receivables from related parties	133,357	(103,079)
Inventories	(153,044)	128,360
Prepayments	13,594	(5,920)
Other current assets	1,215	986
Notes payable	1,497	90
Trade payables	(168,239)	120,737
Trade payables to related parties	(2,116)	124,385
Other payables	(15,875)	103,418
Other payables to related parties	(5,538)	3,911
Provisions	9,088	1,859
Other current liabilities	(4,801)	1,637
Net defined benefit liabilities	<u>(388,261)</u>	<u>(21,089)</u>
Cash generated from operations	1,905,623	2,327,649
Interest received	14,233	11,834
Interest paid	(12,801)	(22,566)
Income tax paid	<u>(295,566)</u>	<u>(131,904)</u>
Net cash generated from operating activities	<u>1,611,489</u>	<u>2,185,013</u>

(Continued)

CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of available-for-sale financial assets	\$ -	\$ (151)
Proceeds from sale of available-for-sale financial assets	5,948	165
Purchase of debt investments with no active market	(626,264)	(60,412)
Proceeds from sale of debt investments with no active market	626,115	111,000
Refunds of financial assets measured at cost by capital reduction	9,000	-
Payments for property, plant and equipment	(1,022,063)	(566,789)
Proceeds from disposal of property, plant and equipment	6,857	57,662
Increase in refundable deposits	(13,025)	(682)
Decrease in refundable deposits	12,606	91
Payments for intangible assets	(235)	(515)
Dividends received	79	65
Increase in long-term prepayments	<u>(15,563)</u>	<u>(21,147)</u>
Net cash used in investing activities	<u>(1,016,545)</u>	<u>(480,713)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short-term borrowings	(160,000)	(190,000)
Repayment of short-term bills payable	(300,000)	(200,000)
Proceeds from long-term borrowings	-	608,000
Repayments of long-term borrowings	-	(791,288)
Proceeds from guarantee deposits received	733	2,397
Refunds of guarantee deposits received	(2,326)	(3,031)
Decrease in other non-current liabilities	(2,243)	(2,809)
Dividends paid to owners of the Company	(812,014)	(468,595)
Dividends paid to non-controlling interests	<u>(54,770)</u>	<u>(26,848)</u>
Net cash used in financing activities	<u>(1,330,620)</u>	<u>(1,072,174)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(10,133)</u>	<u>(5,736)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(745,809)	626,390
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,408,954</u>	<u>782,564</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 663,145</u>	<u>\$ 1,408,954</u>

(Concluded)

Matters for Ratification and Discussion:

Proposal 2

Proposed by the Board

To ratify 2017 earnings distribution.

1. In 2017, the net profit was NT\$1,269,808,374. After appropriating NT\$126,980,837 as the legal reserve, the distributable net profit of 2017 is NT\$1,142,827,537. By the end of 2017, the accumulated distributable earnings is NT\$1,936,164,814 and will be distributed as follows:
 - (1) Cash dividend: NT\$737,999,340, i.e. NT\$1.5 per share.
 - (2) Stock dividend: NT\$147,599,860, i.e. NT\$0.3 per share, or 30 shares per 1,000 shares.

The unappropriated earnings after distribution will be NT\$1,050,565,614.

2. Please refer to p. 40, “Profit Distribution Table”, for details.
3. According to this proposal, the profit of 2017 will first be distributed, and the insufficiency will be

distributed from the profit of previous years.

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

Resolution:

China General Plastics Corporation 2017 Profit Distribution Table

expressed in NTD

Net profit before tax of 2017	1,415,695,959
Less: Income tax	<u>(145,887,585)</u>
Net profit of 2017	1,269,808,374
Less: Legal reserve	<u>(126,980,837)</u>
Distributable net profit of 2017	1,142,827,537
Beginning appropriated earnings	799,897,317
Less: Retained earnings adjusted for investments made under the equity method	<u>(6,560,040)</u>
Accumulated distributable earnings at the end of 2017	<u><u>1,936,164,814</u></u>

Distributable items: (total issued shares:
491,999,560)

Cash dividend: 1.5/share	737,999,340
Stock dividend: 0.3/share	147,599,860

Total of distributable items	<u><u>885,599,200</u></u>
------------------------------	---------------------------

Unappropriated earnings at the end of 2017 transferred to the next year	<u><u>1,050,565,614</u></u>
--	-----------------------------

Chairperson: Yi-Gui Wu President: Han-Fu Lin Chief Accounting Officer: Jian-Zhou Guo

Matters for Ratification and Discussion:

Proposal 3

Proposed by the Board

To approve the capitalization on stock dividends.

- Description 1. To enrich operating capital, this proposal is made to have the stock dividends NT\$147,599,860 to be issued 14,759,986 new shares, par value at NT\$10 per share, to increase capital NT\$147,599,860.
2. Currently the paid-in capital is NT\$4,919,995,600 divided into 491,999,560 shares. After issuing new shares to increase capital, the paid-in capital will be NT\$5,067,595,460 divided into 506,759,546 shares.
 3. The Board will set another target day for the issuance of stock dividend in this proposal. The dividend at 30 shares per 1,000 shares for the increased shares are determined based on the stake of shareholders registered in the List of Shareholders on the target day. Shareholders holding fractional shares after the increase may arrange to combine such shares together to meet the distribution requirements. The Chairman is authorized to contact specified person(s) to subscribe the uncombined fractional shares that are not combined at the face value and distribute such dividends in cash.

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

Resolution:

Matters for Ratification and Discussion:

Proposal 4

Proposed by the Board

To approve the amendment to the Articles of Incorporation.

Description: 1. To correspond with the retained earning transferred to capital, the total capital amount and number of shares issued are to be changed, and parts of the provisions of the “Articles of Incorporation” are to be amended.

2. The Amendment to the Articles of Incorporation is shown in the next page.

Resolution:

China General Plastics Corporation

The Amendment to the Articles of Incorporation

After amendment	Before amendment	Description
<p>Article 5: The total capital stock of the Company shall be in the amount of <u>NT\$6,500,000,000</u>, divided into <u>650,000,000</u> common shares, at a par value of NT\$10 per share, and may be issued in installments.</p>	<p>Article 15: The total capital stock of the Company shall be in the amount of <u>NT\$5,000,000,000</u>, divided into <u>500,000,000</u> common shares, at a par value of NT\$10 per share, and may be issued in installments.</p>	<p>Capital increase with issuance of new shares; capital total amount and number of shares issued are changed.</p>
<p>Article 35: The Articles of Incorporation was established on February 28, 1964. (following content omitted) 47th amendments hereto were made on June 13, 2016, <u>48th amendments hereto were made on June 22, 2018.</u></p>	<p>Article 35: The Articles of Incorporation was established on February 28, 1964. (following content omitted) 47th amendments hereto were made on June 13, 2016.</p>	<p>Add date of the amendment hereto.</p>

Matters for Ratification and Discussion:

Proposal 5

Proposed by the Board

To approve the amendment to the Operating Procedure for Making of Endorsements/Guarantees.

Description: 1. The Operating Procedure for Making of Endorsements/Guarantees will be amended in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”.

2. The amendment to the Operating Procedure for Making of Endorsements/Guarantees is shown in the next page.

Resolution:

China General Plastics Corporation
The Amendment to the “Operating Procedure for Making of
Endorsements/Guarantees”

After amendment	Before amendment	Description
<p>Article 4:Limit of endorsement/guarantee: <u>The aggregate amount of Endorsements and Guarantees made by the Company and the authorized limit on Endorsements and Guarantees made by the Company to any single entity both shall not exceed 100% of the Company’s net worth as stated in the Company’s most recent financial statements.</u> The aggregate amount of Endorsements and Guarantees made by the Company and its subsidiaries and the authorized limit on Endorsements and Guarantees made by the Company and its subsidiaries to any single entity both shall not exceed 150% of the Company’s net worth as stated in the Company’s most recent financial statements. An explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting. (Others has been omitted)</p>	<p>Article 4:Limit of endorsement/guarantee: The aggregate amount of Endorsements and Guarantees made by the Company and its subsidiaries and the authorized limit on Endorsements and Guarantees made by the Company and its subsidiaries to any single entity both shall not exceed 150% of the Company’s net worth as stated in the Company’s most recent financial statements. An explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting. (Others has been omitted)</p>	<p>Amendments made in accordance with the amendment to the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies.</p>

Matters for Ratification and Discussion:

Proposal 6

Proposed by the Board

To approve the permission of a director for competitive actions.

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

2. Mr. Han-Tai Liu, a director of the Company, has been a director of INOMA Corporation since June 26, 2017. Subject to no harm to the interests of the Company, it is proposed to allow this act in accordance with the Company Act.

Resolution:

III. Extemporaneous Motions

IV. Meeting Adjournment

Appendix 1

China General Plastics Corporation

Parliamentary Rules for Shareholders' Meetings

Amended on June 13, 2016

1. Unless otherwise provided in laws, the Company's shareholders' meetings shall be held in accordance with the Rules.
2. The Company shall prepare an attendance book for shareholders to sign in, or the shareholder present may hand in a sign-in card in lieu of signing on the attendance book. The number of shares in attendance shall be calculated in accordance with those indicated on the sign-in cards, plus the number of shares representing the voting rights exercised in an electronic form. Notwithstanding, the number of shares represented by the shareholders who exercise their voting right in an electronic form and attend the meeting in person shall not be counted repeatedly.
In case a shareholder elects to exercise his/her/its voting power in an electronic form, his/her/its declaration of intention shall be served to the Company two (2) days prior to the shareholders' meeting. Whereas if two (2) or more declarations of the intention are served to the Company, the first declaration received shall prevail, unless an explicit statement to revoke the previous declaration is made in the declaration which comes later. In case a shareholder who has exercised his/her/its voting power in an electronic form intends to attend the shareholders' meeting in person, he/she/it shall, two (2) days prior to the shareholders' meeting and in the same manner previously used in exercising his/her/its voting power, serve a separate declaration to rescind his/her/its previous declaration. In the absence of a timely rescission, the voting right exercised in an electronic form shall prevail.
3. The presence of shareholders in a shareholders' meeting and their voting thereof shall be calculated in accordance with the number of shares.
4. The place for convening the Company's shareholders' meeting shall be the premises of the Company, or any other place convenient for presence of shareholders, and suitable for holding of said meeting. The meeting shall commence no earlier than 9:00AM and no later than 3:00PM on the same day.
5. Where the shareholders' meeting is convened by the Board of Directors, the Chairman of Board shall act as the meeting chairperson. When the Chairman of the Board is on leave or for any reason is unable to exercise the powers of the chairperson, he/she shall appoint one director to act on behalf of him/her. If the Chairman does not make such a

designation, the proxy shall be elected by directors from among themselves.

If a shareholders' meeting is convened by any other person than the Board of Directors, who has the right to convene the meeting, said person shall preside at that meeting.

6. The Company may designate its attorney-at-law, certified public accountant or other relevant persons to attend the shareholders' meeting.

Those handling the business of a shareholders' meeting shall wear an identification card or a armband.

7. The Company shall record with an audio or video tape the whole proceedings of the shareholders' meeting, and said tape shall be kept for at least one (1) year.

8. When the meeting is attended by shareholders representing a majority of the issued shares, the chairperson shall immediately convene the meeting, provided, however, if the statutory quota is not met at the scheduled time for the meeting, the chairperson may postpone the meeting. Provided, however, that the postponement of said meeting shall take place for no more than twice, and the total time postponed shall be no more than one (1) hour. If the meeting has been postponed for twice, but the attending shareholders represent one third or more of the total issued shares, a tentative resolution may be adopted in accordance with the Company Act by a majority of shareholders present at the meeting.

Before the close of said meeting if the shareholders present reach the statutory quota, the chairperson may resubmit the tentative resolution for a vote by the shareholders meeting in accordance with the Company Act.

9. If a shareholders' meeting is convened by the Board of Directors, the agenda shall be formulated by the Board of Directors, and the meeting shall be proceeded with in accordance with said agenda. The agenda shall not be changed without a resolution made by the shareholders' meeting.

The chairperson shall not adjourn a meeting without resolution adopted by shareholders if the motions (including extraordinary motions) covered in the agenda have not been resolved.

After the close of said meeting, shareholders shall not elect another chairperson to hold another meeting at the same place or at any other place. Provided that where the chairperson declares the adjournment of the meeting in a manner in violation of the Rules, a new chairperson of the meeting may be elected by a resolution to be adopted by a majority of the voting rights represented by the shareholders attending said meeting to continue the meeting.

The one to be elected as referred to in the preceding paragraph shall be limited to a director.

10. A shareholder wishing to speak in a shareholders meeting shall first fill out a Speaker's slip , specifying therein the major points of his speech, his shareholder account number

and name, and the chairperson shall determine his order of giving a speech.

A shareholder who submits his slip for a speech but does not actually speak shall be considered as not having given a speech. If the contents of his speech shall be different from those specified on the slip, the contents of his speech shall prevail.

When a shareholder is giving a speech, the other shareholders shall not interrupt unless they have obtained the prior consent from the chairperson and said shareholder, and the chairperson shall prevent others from interrupting.

After the present shareholder gives his speech, the chairperson may, in person or appoint related personnel to, respond to the speech.

11. A shareholder shall not speak more than two (2) times for one motion, unless he has obtained the prior consent from the chairperson, and each speech shall not exceed five (5) minutes.

If a shareholder violates the above provisions or his speech exceeds the scope of the motion, the chairperson may prevent him from doing so.

12. A corporate shareholder being entrusted to attend in a shareholders meeting may designate only one (1) representative to represent it in the meeting.

If a corporate shareholder which designates two (2) or more representatives to represent it at the shareholders' meeting, only one of the representatives may speak on any one motion.

13. When the chairperson is of the opinion that a motion has been sufficiently discussed to a degree of putting to a vote, the chairperson may announce the discussion closed and bring the motion to vote.

In the case of an amendment or substitute to a motion, the chairperson shall decide on the order of voting by combining the amendment or substitute with the same motion. If one of the motions has been approved, the other shall be deemed over-ruled and no further vote is required.

14. The monitoring and counting personnel shall be designated by the chairperson, provided, however, that the monitoring personnel shall be a shareholder.

The voting result of a motion shall be calculated based on the votes cast on the site plus the e-votes, and shall be reported on the site and recorded in writing. The ballots for the election cast on the site, together with the e-voting materials, shall be sealed with the signatures/seals of the monitoring personnel and kept by the Company in proper custody. For the e-voting result referred to in the preceding paragraph, an entity which meets Article 44-6 of the Regulations Governing the Administration of Shareholder Services of Public Companies shall be commissioned to certify the statistics of votes prior to the shareholders' meeting.

15. Resolutions at a shareholders' meeting shall, unless otherwise provided for in Company Act or the Company's Articles of Incorporation, be adopted by a majority of eligible

votes of the shareholders who exercise their voting rights by casting ballot on the site and in an electronic form.

Where the Company adopts the e-voting system pursuant to laws, shareholders may choose to exercise their voting right in an electronic form or by balloting on the site to resolve the motion referred to in the preceding paragraph.

Shareholders who choose to exercise their voting right in an electronic form referred to in the preceding paragraph shall exercise the right on the e-voting platform designated by the Company, according to the Company Act, Securities and Exchange Act and the Regulations Governing the Administration of Shareholder Services of Public Companies. In case a shareholder has exercised his/her/its voting right in an electronic form, and has also authorized a proxy to attend the shareholders' meeting in his/her/its behalf, then the voting right exercised by the authorized proxy for said shareholder shall prevail.

Unless no voting right or restricted voting right required under laws or the Articles, each of shares held by each shareholder shall have the right to one (1) vote.

16. During the proceedings of a meeting, the chairperson may consider the schedule and announce for a break.
17. The chairperson may direct disciplinary personnel (or security personnel) to maintain the order of the meeting. For doing so they shall wear an armband bearing the words of "disciplinary personnel".
18. Any matters not covered herein shall be implemented in accordance with the Company Act, the Company's Articles of Incorporation, and other related laws.
19. The Rules shall be enforced upon approval by a shareholders' meeting. The same shall apply where the Rules are amended.

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

Appendix 2

China General Plastics Corporation Articles of Incorporation(before amendment)

Section 1. General Provisions

- Article 1: The Company is incorporated under the Company Act of the Republic of China and named “華夏海灣塑膠股份有限公司” and “CHINA GENERAL PLASTICS CORPORAYION” in English.
- Article 2: The scope of the Company’s business is specified as follows:
1. Manufacture of plastic and raw materials.
 2. Manufacture of plastic products.
 3. Manufacture of the raw materials of plastic products.
 4. Manufacture of the printing and embossed wheel.
 5. Technical service (including design and installation), manufacture and sale of chemical equipment (including VCM plant).
 6. Marketing and commission processing business of above products.
 7. Research and extension services for the above businesses.
 8. F207110 Retail Sale of Petrochemical Materials.
 9. F107110 Wholesale of Petrochemical Materials.
 10. ZZ99999 Other than business requiring special approval, any business not prohibited or restricted by laws or regulations.
- Article 2-1: The Company’s total investment may be exempted from the restriction for no more than 40% of the paid-in capital prescribed by Article 13 of the Company Act.
- Article 2-2: The Company may make endorsement/guarantee externally due to the Company’s business needs or investment needs. The endorsement/guarantee shall be signed by the Chairman on behalf of the Company and comply with the Company’s operating procedure for making endorsement/guarantee.
- Article 3: The Company’s head office is situated in Taipei City, Taiwan, the R.O.C., and it’s factories are set up at the suitable site within the territories of the R.O.C., When necessary, the Company may set up branches or offices locally or overseas as approved by boards’ meeting.
- Article 4: Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

Section 2. Stocks

- Article 5: The total capital stock of the Company shall be in the amount of NT\$5,000,000,000, divided into 500,000,000 common shares, at a par value of NT\$10 per share, and may be issued in installments.
- Article 6: The Company's share certificates shall be registered and affixed with the signatures or personal seals of three or more directors of the Company, be assigned with serial numbers, and be issued upon the certification made by competent authority or the institute recognized by competent authority.
- Article 7: For the shares to be issued to the public by the Company, the Company may be exempted from printing any share certificate for the shares issued.
- Article 8: The Company's handling of its shareholders services shall comply with the "Regulations Governing the Administration of Shareholder Services of Public Companies" prescribed by the competent authority.
- Article 9: (Deleted)
- Article 10: (Deleted)
- Article 11: (Deleted)
- Article 12: (Deleted)
- Article 13: The transfer of shares shall not be registered within 60 days prior to the convening date of a general shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within five (5) days prior to the record date fixed by the Company for distribution of dividends, bonus or other benefits.

Section 3. Shareholders' Meeting

- Article 14: The Company's shareholders' meetings consist of the following:
1. General shareholders' meeting, shall be held once a year and within six (6) months after close of each fiscal year.
 2. Special shareholders' meeting, may be convened pursuant to laws when necessary.
- Unless otherwise provided for in Company Act, a shareholders' meetings shall be convened by the Board of Directors.
- Article 15: Convening of a general shareholders' meeting shall be notified thirty (30) days ago. Convening of a special shareholders' meeting shall be notified fifteen (15) days ago.
- Article 16: Resolutions at a shareholders' meeting shall, unless otherwise provided for in Company Act or other laws, be adopted by a majority of eligible votes of the shareholders present, who represent more than a majority of the total issued shares. According to the competent authority's requirements, the voting power at a

shareholders' meeting of the Company may be exercised by way of electronic transmission if the Company adopt electronic voting system. A shareholder who exercises his/her/its voting power at a shareholders meeting by way of electronic transmission shall be deemed to have attended said shareholders' meeting in person. The related matters shall be implemented in accordance with laws.

Article 17: When the number of shareholders present does not constitute the quorum prescribed in the preceding article, but those present represent one-thirds or more of the total number of issued shares, a tentative resolution may be passed by a majority of those present. A notice of such tentative resolution shall be given to each of the shareholders, and a shareholders' meeting shall be reconvened within one (1) month. In said shareholders' meeting, if the tentative resolution is again adopted by a majority of those present who represent one-thirds or more of the total number of issued shares, such tentative resolution shall be deemed to be a resolution under the preceding Article, unless otherwise provided in the Company Act.

Article 18: Unless no voting right or restricted voting right required under laws or the Articles, each of shares held by each shareholder shall have the right to one (1) vote.

Article 19: (Deleted)

Article 20: Where any shareholder fails to attend a shareholders' meeting, he/she/it may appoint a proxy, pursuant to the Company Act and "Regulations Governing the Use of Proxies for Attendance at Shareholders' Meeting of Public Companies", to attend a shareholders' meeting on his/her/its behalf by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy.

Article 21: Unless otherwise provided in the Company Act, a shareholders' meeting shall be chaired by the Company's Chairman of Board. Where the Chairman is absent, the Chairman shall appoint a proxy to act on behalf of him/her. In the absence of such a designation, the directors shall elect from among themselves an acting chairman of the board of directors.

A shareholders' meeting shall be proceeded in accordance with the Company's Parliamentary Rules for Shareholders' Meetings.

Article 22: Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairperson of the meeting and shall be, together with the shareholders' attendance book and proxy letter, if any, retained at the Company. The minutes shall be distributed to all shareholders of the Company within twenty (20) days. The distribution of the minutes may be effected by means of a public notice.

Section 4. Directors and Audit Committee

Article 23: The Company shall have 9~11 directors who shall be elected by the shareholders'

meeting from among the persons with disposing capacity. The Chairman of the Board of Directors shall be elected from among the directors by a majority vote at a meeting attended by over two-thirds of the directors pursuant to Article 208 of the Company Act. The Chairman of the Board of Directors shall externally represent the Company. The total shares of the Company's registered share certificates held by the whole directors shall be no less than the proportion prescribed by the competent securities authority.

Article 23-1: The directors referred to in the preceding Article shall include at least three (3) independent directors. A candidates nomination system shall be adopted by the Company for election of independent directors and non-independent directors, who shall be elected from the name list of candidates at a shareholders' meeting. The professional qualifications, shares held, restrictions on concurrent positions held, method of nomination and election, and other matters for compliance with respect to independent directors shall be governed by the competent securities authority's related regulations.

Article 23-2: The Company shall establish an Audit Committee pursuant to the Securities and Exchange Act, which shall consist of all independent directors of the Company. The Audit Committee or the committee members shall be responsible for exercising a supervisor's power prescribed by the Company Act, Securities and Exchange Act, and other related laws.

Article 23-3: The Company's Board of Directors may establish other functional committees. The articles of association thereof shall be established by the Board of Directors.

Article 24: The term of a director is three years and may be eligible for re-election.

Article 25: Functions of the Board of Directors:

1. Frame the organization.
2. Decide the business policy;
3. Review important regulations and contracts;
4. Appoint and dismiss managers;
5. Set up and terminate branches and sub-factories;
6. Draft budget and financial reports;
7. Review the investment in the business rewarded by the government
8. Draft allocation of earnings;
9. Decide the issuance of new shares;
10. Enforce the resolution made by a shareholders' meeting ;
11. Exercise the powers granted pursuant to laws and by a shareholders' meeting.

Article 26: Directors' meetings shall be convened by the Chairman, except for the first meeting of each term of the Board of Directors which shall be convened by the director who received a ballot representing the largest number of votes at the election of directors. Directors' meetings shall be chaired by the Chairman. Where the Chairman is

absent, the Chairman shall appoint a director to act on behalf of him/her. In the absence of such a designation, the directors shall elect from among themselves an acting chairman of the board of directors.

Article 27: The convener shall notify each director of the agenda within seven (7) days prior to the meeting. However, in the case of emergency, the meeting may be convened at any time.

A directors' meeting may be convened in writing or by electronic transmission or fax.

Article 28: Where any director may authorize another director in writing to attend the directors' meeting on behalf of him/her pursuant to Article 205 of the Company Act.

Resolutions at a directors' meeting shall, unless otherwise provided for in Company Act or other laws, be adopted by a majority of eligible votes of the directors at a meeting attended by a majority of the whole directors.

Article 29: (Deleted)

Article 30: The amounts of remuneration to directors shall be determined by the shareholders' meeting based on the rate prevailing in fellow companies and the directors' participation in and contribution to the Company's operation, regardless of whether or not the Company operates of profit. If a director serves other position concurrently in the Company, he/she may be remunerated with salary according to general standard.

Article 30-1: The Board of Directors has set up a Secretariat of the Board dedicated to handling the affairs related to the Board of Directors.

Section 5. Managerial Personnel

Article 31: Job title, appointment, discharge and remuneration of the Company's managerial personnel, if any, shall be decided by a majority of the directors present at a meeting attended by a majority of the whole directors. The Company's managerial personnel shall process the Company's routine affairs per the Chairman's instruction and resolution made by a directors' meeting.

Article 31-1: The Company may purchase liability insurance against the damages to be borne by directors and officers with respect to the scope of business carried out by them during their term of office.

Section 6. Final Accounts

Article 32: The Company's fiscal year shall commence from January 1 until December 31 of each year. The Board of Directors shall prepare the following reports at the end of each fiscal year and send them to the general shareholders' meeting for recognition:

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

Article 33: If the Company retains earnings in the current year, it shall allocate the compensation to directors and employees. The compensation to directors shall be no more than 1% of the earnings gained in the current year, while the compensation to employees shall be no less than 1% of the earnings. Notwithstanding, if the Company retains accumulated losses, it shall reserve the amount to be covered in advance.

Said compensation to employees may be allocated in the form of shares or in cash, including the employees of the Company's subsidiaries meeting certain specific requirements entitled to receive shares or cash. The specific requirements shall be defined by the Board of Directors.

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

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

Section 7. Bylaw

Article 34: Any matters not covered herein shall be implemented in accordance with the Company Act and related laws of the R.O.C.

Article 35: The Articles of Incorporation was established on February 28, 1964. (following content omitted) 47th amendments hereto were made on June 13, 2016.

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

Appendix 3

China General Plastics Corporation

Parliamentary Rules for Directors' Meetings

Amended on August 9, 2017

- Article 1: The Rules are established in accordance with Paragraph 8 of Article 26-3 of the Securities and Exchange Act, and the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.
- Article 2: Unless otherwise provided in related laws or the Articles of Incorporation, the main agenda items, operating procedures, required content of meeting minutes, public announcements, and other compliance requirements for directors' meetings of the Company shall be handled in accordance with the Rules.
- Article 3: The directors' meeting shall be convened at least once per quarter.
The reasons for calling a board of directors meeting shall be notified to each director at least seven (7) days in advance. In emergency circumstances, however, a meeting may be called at any time.
A directors' meeting may be convened in writing or by electronic transmission or fax.
All matters set out in the subparagraphs of Paragraph 1 of Article 7 herein shall be specified in the notice of the reasons for calling a directors' meeting, unless in the case of an emergency or with justified reasons, none of them may be raised as an extraordinary motion.
- Article 4: A directors' meeting shall be held at the location and during the business hours of the Company, or at a place and time convenient to all directors and suitable for holding such a meeting.
- Article 5: The Company's Secretariat of the Board shall act as the agenda unit responsible for agenda affairs of the directors' meeting.
The agenda unit shall prepare the contents of agenda for directors' meetings and provide comprehensive pre-meeting materials, to be sent together with the notice of the meeting.
Where a director considers that the pre-meeting materials provided are insufficient, he/she may request the agenda unit to supplement the materials. Where a director considers that materials concerning any motion are insufficient in contents, deliberation of such motion may be postponed by a resolution of the Board of Directors.

Article 6: Agenda of a regular directors' meeting shall at least include the following:

- I. Report:
 - (I) Minutes of last meeting and actions arising.
 - (II) Reporting on important financial and business matters.
 - (III) Reporting on internal audit activities.
 - (IV) Other important matters to be reported.
- II. Discussion:
 - (I) Items discussed and continued from last meeting.
 - (II) Motions to be discussed at this meeting.
- III. Extraordinary motions

Article 7: The Company shall submit the following items for discussion by the Board of Directors:

- I. The Company's business plan
- II. Annual and semi-annual financial reports with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA).
- III. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and an assessment on effectiveness of the internal control system.
- IV. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposition of assets, derivatives trading, funding to others, and endorsements or guarantees for others.
- V. Offering, issuance, or private placement of any equity-type securities.
- VI. Appointment or discharge of a financial, accounting, or internal audit officer.
- VII. A donation to a stakeholder or a major donation to a non-stakeholder, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to next directors' meeting for retroactive recognition.
- VIII. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or Articles of Incorporation to be approved by resolution at a shareholders' meeting or directors' meeting, or any such significant matter as may be prescribed by the competent authority.

The term "stakeholder" referred to in Subparagraph 7 of the preceding paragraph means a stakeholder as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a

non-stakeholder” means any individual donation, or cumulative donations within the preceding year to a single recipient at an amount of NT\$5 million or more.

The term “with the preceding year” in the preceding paragraph means a period of one (1) year calculated retroactively from the date on which the current directors’ meeting is convened. Amounts already submitted to and passed by a resolution of the Board are exempted from inclusion in the calculation.

At least one independent director of the Company shall attend each directors’ meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by a directors’ meeting under Paragraph 1, each independent director shall attend the meeting in person. If an independent director is unable to attend the meeting in person, he or she shall appoint another independent director to attend the meeting as his or her proxy. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the directors’ meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some justified reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

Article 8: Apart from matters referred to in Paragraph 1 of the preceding Article, which are required to be submitted for discussion by the Board of Directors, when the Board of Directors delegates any exercise of its powers pursuant to laws or regulations or the Company's articles of incorporation, matters such as the level and substance of the delegation shall be concretely and specifically set out.

Article 9: When a directors’ meeting is held, an attendance book shall be made ready for signature by directors attending the meeting and thereafter made available for future reference.

All directors shall attend the directors’ meetings in person. If attendance in person is not possible, they may, pursuant to the Company's Articles of Incorporation, appoint another director to attend as their proxy. Attendance via a video conference is deemed as attendance in person.

A director appointing another director to attend a directors’ meeting in his or her place shall in each case give to that director a written proxy stating the scope of authorization with respect to the reasons for meeting.

The proxy referred to in Paragraph 2 may accept a proxy from one person only.

Article 10: A directors’ meeting shall be called and chaired by the Chairman of the Board. However, the first directors’ meeting of each term of the Board shall be called and chaired by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected. 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.

When the Chairman of the Board is on leave or for any reason is unable to exercise the powers of the chairperson, he/she shall appoint one (1) director to act on behalf of him/her. If the Chairman does not make such a designation, the proxy shall be elected by directors from among themselves.

Article 11: When holding a directors' meeting, the Company may, subject to the contents of agenda, notify personnel of relevant departments or subsidiaries to attend the meeting as nonvoting participants.

When necessary, the Company may also invite certificated public accounts, attorneys at law, or other professionals to attend as nonvoting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

Article 12: When the time of a meeting has arrived and more than a majority of all board directors are present, the meeting chairperson may announce opening of the meeting immediately. If the quorum is still not met at the meeting time, the chairperson shall announce postponement of the meeting, and such postponement shall take place for no more than twice. If the quorum is still not met after postponement for twice, the chairperson shall re-call the meeting following the procedures provided in Paragraph 2 of Article 3 herein.

The term "all board directors" as used in the preceding paragraph and in Paragraph 2.2 of Article 17 herein shall be counted as the number of directors then in office.

Article 13: A directors' meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting.

The meeting chairperson may not declare the meeting closed without the approval of a majority of directors present at the meeting.

If at any time during the proceeding of a directors' meeting the directors sitting at the meeting fail to reach a majority of the directors present at the meeting; then upon motion by the directors sitting at the meeting, the chairperson shall declare a suspension of the meeting, in which case Paragraph 1 of the preceding Article shall apply mutandis.

Article 14: When the chairperson at a directors' meeting is of the opinion that a matter has been sufficiently discussed to a degree of putting to a vote, the chairperson may announce the discussion closed and bring the matter to vote.

When a motion comes to a vote at a directors' meeting, if the chairperson puts the matter before all directors present at the meeting and none voices an objection, the motion is deemed approved.

In the case of an amendment or substitute to a motion, the chairperson shall decide

on the order of voting by combining the amendment or substitute with the same motion. However, if one of the motions has been approved, the other shall be deemed over-ruled and no further votes are required.

If a vote on a motion requires monitoring and counting personnel, the chairperson shall appoint such personnel, providing that all monitoring personnel shall be directors.

Results of the votes shall be announced on the spot and recorded.

“All directors present at the meeting” referred in Paragraph 2 exclude directors prohibited from exercising voting rights pursuant to Paragraph 1 of Article 16 herein.

Article 15: Except as otherwise stated in the Securities and Exchange Act, Company Act or the Articles of Incorporation, a resolution on a matter at a directors’ meeting requires the approval of a majority of the directors present at the meeting that shall be attended by a majority of all directors.

Article 16: If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

The provisions of Paragraph 2 of Article 180 of the Company Act, as applied mutatis mutandis under Paragraph 3 of Article 206 of the Company Act, apply to resolutions of a directors’ meetings when a board director is prohibited by the preceding paragraph from exercising voting rights.

Article 17: Minutes shall be prepared of the discussions at directors’ meetings. The meeting minutes shall record the following:

- I. Session (or year), time, and place of meeting.
- II. Chairperson’s name.
- III. Attendance of directors at the meeting, specifying the names and number of members present, excused, and absent.
- IV. Names and titles of those attending the meeting as nonvoting participants.
- V. Name of minutes taker.
- VI. Report.
- VII. Discussion: Method of resolution and the result for each motion; a summary of the comments made by directors, experts, and other persons; the name of any director that is an interested party as referred to in Paragraph 1 of the preceding Article, an explanation of the important

aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Paragraph 4 of Article 7 herein.

VIII. Extraordinary motions: the name of the mover; the method of resolution and the result for each motion; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in Paragraph 1 of the preceding Article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.

IX. Other matters required to be recorded.

Any of the following matters in relation to a resolution passed at a meeting of the board of directors shall be stated in the meeting minutes and within two (2) days of the meeting be published on an information reporting website designated by the competent authority:

- I. Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing.
- II. If the Company has an audit committee, any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors.

The attendance book forms a part of the minutes for each directors' meeting and shall be well preserved during the existence of the Company.

The minutes of a board of directors meeting shall bear the signature or seal of both the meeting chairperson and the minutes taker. A copy of the minutes shall be distributed to each director within 20 days after the meeting and well preserved as important company records during the existence of the Company.

The production and distribution of the meeting minutes referred to in Paragraph 1 may be done in electronic form.

Article 18: The Company shall record on audio or video tape the entire proceedings of a directors' meeting, and preserve the recordings for at least five years, in electronic form.

If before the end of the preservation period referred to in the preceding paragraph any litigation arises in connection with a resolution of a directors' meeting, the relevant audio or video recordings shall continue to be preserved until the litigation is concluded.

Where the directors' meeting is held in the form of video conference, the video conference materials shall form a part of the minutes for each directors' meeting and shall be well preserved during the existence of the Company.

Article 19: The Rules shall be subject to approval by the Board of Directors and submitted to the latest shareholders' meeting. The same shall apply where the Rules are amended. The Rules shall be enforced upon approval by the Board of Directors, provided that the deletion of provisions related to supervisors shall be enforced upon the Company's establishment of the Audit Committee.

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

Appendix 4

China General Plastics Corporation Operating Procedure for Making of Endorsements/Guarantees(before amendment)

Amended on June 13, 2016

Article 1: Purpose

The Company shall comply with the Procedure when making endorsements/guarantees for others. Any matters not covered herein shall be implemented in accordance with related laws and regulations.

Article 2: Scope of applicability

The term “endorsements/guarantees” as used herein refers to the following:

I. Financing endorsements/guarantees:

- (I) Bill discount financing.
- (II) Endorsement or guarantee made to meet the financing needs of another company.
- (III) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.

II. Customs duty endorsement/guarantee: An endorsement or guarantee for the Company itself or another company with respect to customs duty matters.

III. Other endorsements/guarantees: Endorsements or guarantees beyond the scope of the above two subparagraphs.

Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with the Procedure.

Article 3: Subject of endorsement/guarantee:

- I. A company with which the Company does business.
- II. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- III. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- IV. the jointly invested company for which all capital contributing shareholders make endorsements/ guarantees in proportion to their shareholding percentages; capital contribution referred to herein shall mean capital contribution directly by the Company, or through a company in which the Company holds 100% of the voting shares.
- V. Subsidiaries in which the Company holds, directly or indirectly, 90% or more

of the voting shares may make endorsements/guarantees for each other.
“Subsidiary” as referred to herein shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 4: Limit of endorsement/guarantee:

The aggregate amount of Endorsements and Guarantees made by the Company and its subsidiaries and the authorized limit on Endorsements and Guarantees made by the Company and its subsidiaries to any single entity both shall not exceed 150% of the Company’s net worth as stated in the Company’s most recent financial statements. An explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting.

The amount of Endorsements and Guarantees made among subsidiaries in which the Company holds, directly or indirectly, 90% or more of the voting shares shall not exceed 10% of the Company’s net worth as stated in the Company’s most recent financial statements. Notwithstanding, this shall not apply to the endorsements and guarantees made among subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares.

Where an endorsement and guarantee is made due to needs arising from business dealings, in addition to said requirements about authorized limit, the individual endorsement and guarantee made therefor shall be no more than the transaction value between both parties for the most recent year.

The net worth referred to herein means the equity attributable to the owners of the parent company in the balance sheet prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 5: Decision-making and level of authority

The authorized limit on endorsements/guarantees to a single entity shall be subject to review and approval by the Chairman of Board, and then submitted to the Board of Directors for a resolution. Notwithstanding, substantial endorsements/guarantees shall be approved by a majority of all Audit Committee members and submitted to the Board of Directors for a resolution in advance. The Chairman is authorized to make decisions within the specific aggregate limit during adjournment of Board of Directors’ meeting, and then have it ratified by the most recent Board of Directors’ meeting. Notwithstanding, subsidiaries in which the Company holds, directly or indirectly, 90% or more of the voting shares may not make endorsements/guarantees until the same is reported to and resolved by a Board of Directors’ meeting of the Company. Notwithstanding, this shall not apply to the endorsements and guarantees made among subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares.

Article 6: Procedure for Making of Endorsements/Guarantees

I. When applying for the authorized limit of endorsement/guarantee, the

endorsed/guaranteed enterprise shall provide its basic information and financial information, and submit an application to the Company's Financial Department for the endorsement/guarantee. The Financial Department shall thoroughly evaluate the related information, and conduct credit investigation each year during the period when the endorsement/guarantee persists. The scope of evaluation covers the necessity and reasonableness of endorsement/guarantee, whether the amount of an endorsement/guarantee is commensurate to the total amount of trading between the two (2) companies when the endorsement/guarantee is made due to needs arising from business dealings, the impact on the Company's operational risk, financial condition and shareholders' equity, and whether collateral must be obtained and appraisal of the value thereof.

- II. The Company's Financial Department shall compile the related information referred to in the preceding paragraph and submit the same together with the evaluation result to the Chairman of Board for review and approval, and then have the same submitted to a Board of Directors' meeting for a resolution, or have the Chairman of Board make decisions with authorization, before making the endorsement/guarantee.
- III. Financial Department shall prepare a memorandum book for the endorsements/guarantees made by it and truthfully record the following information: subject of the endorsement/guarantee, amount, date of approval by the Board of Directors' meeting or decision made by the Chairman of Board, date of endorsement/guarantee, issues to be evaluated carefully pursuant to the Procedure, contents of collateral and value thereof upon evaluation, conditions for and date of termination of the endorsement/guarantee, and amount and date of liability of guarantee.
- IV. Upon discharge from debt, the endorsed/guaranteed enterprise shall notify the relevant information to the Company's Financial Department to relieve the Company from the liability of guarantee and enable the Company to record the discharge in the memorandum book for the endorsements/guarantees.
- V. The Company's Financial Department shall evaluate and state the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures and issuance of adequate audit report.

Article 7: Procedure for usage and custody of corporate chop

The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person approved by the Board of

Directors. The same shall apply if the chop is changed. The chop may be used to seal or issue negotiable instruments only in accordance with the operating procedures prescribed by the Company. When making a guarantee for a foreign company, the Company shall have the Guarantee Agreement signed by a person authorized by the Board of Directors.

Article 8: Notes to Making of Endorsements/Guarantees

The Company's internal auditors shall audit the Operating Procedure for Making of Endorsements/Guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.

Where as a result of changes of condition the endorsed/guaranteed company no longer meets the requirements herein, or the amount of endorsement/guarantee exceeds the limit, the audit unit shall urge Financial Department to adopt corrective action plans against the amount of endorsement/guarantee or that exceeding the limit and submit the plans to the Audit Committee and reported to a Board of Directors' meeting, and shall complete the corrective action according to the time frame set out in the plan.

Where the Company needs to exceed the limits set out herein to satisfy its business requirements, and where the conditions set out herein are complied with, it shall obtain approval from a majority of all Audit Committee members, and approval from a Board of Directors' meeting and a majority of the whole directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the Procedure accordingly and submit the same to the shareholders' meeting for ratification thereafter. If the shareholders' meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit. Where the Company has assigned the position of independent director, during the discussion by the Board of Directors referred to in the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where the endorsed/guaranteed company is a subsidiary whose net worth in the most recent financial statement is lower than half of its paid-in capital, Financial Department shall obtain the annual financial statements of the endorsed/guaranteed company and conduct the risk evaluation report on necessity and reasonableness, and then submit the statements and report to the Chairman of Board for approval. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the paid-in capital shall refer to the sum of the share capital plus paid-in capital in excess of par.

Article 9: Time limit for public announcement and contents thereof

- I. The Company shall enter the balance of endorsements/guarantees made by the Company and its subsidiaries in the last month into the MOPS by tenth (10th) day of each month.
- II. Where balance of endorsements/guarantees made by the Company and its subsidiaries reaches one of the following limits, the Company shall enter the balance into the MOPS within two (2) days commencing immediately from the date of occurrence:
 - (I) The balance of endorsements/guarantees made by the Company and its subsidiaries reaches fifty (50) percent or more of the Company's net worth as stated in its latest financial statement.
 - (II) The balance of endorsements/guarantees made by the Company and its subsidiaries to a single entity reaches twenty (20) percent or more of the Company's net worth as stated in its latest financial statement.
 - (III) The balance of endorsements/guarantees by the Company and its subsidiaries to a single entity reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such entity reaches thirty (30) percent or more of the Company's net worth as stated in its latest financial statement.
 - (IV) The amount of new endorsements/guarantees made by the Company and its subsidiaries reaches NT\$30 million or more, and reaches five (5) percent or more of the Company's net worth as stated in its latest financial statement.

Date of occurrence referred to herein means the contracting date, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

- III. The Company shall report to the MOPS on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to the preceding paragraph. The proportion of the balance of endorsements/guarantees made by subsidiaries referred to in the preceding paragraph in net worth shall refer to the proportion of the same in the Company's net worth.

Article 10: Procedure for Control over Endorsements/Guarantees Made by Subsidiaries

- I. Where any of the Company's subsidiaries wish to make endorsements/guarantees for others, the Company shall order the subsidiary to establish its own operating procedure for making of endorsements/guarantees and comply with the same, provided that the net worth shall be calculated

based on the subsidiary's net worth.

- II. The subsidiary shall prepare the statement of endorsements/guarantees made for others in last month by 5th day of each month, and submit the same to the Company for review.
- III. The internal auditors of the subsidiary which is a public company shall audit its operating procedure for making of endorsements/guarantees and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Company's audit unit in writing of any material violation found to enable the Company's audit unit to submit the same to Audit Committee.
- IV. When conducting an audit on a subsidiary pursuant to the annual audit plan, the Company's internal auditors shall also verify the subsidiary's operating procedure for making of endorsements/guarantees and the implementation thereof. Where any deficiencies are found, the internal auditors shall follow up the improvement thereof continuously, and prepare the follow-up report and submit the same to the Board of Directors.

Article 11: Penalty

Where the Company's managerial staff and relevant personnel violate the Procedure, the staff and personnel shall be reported for performance appraisal pursuant to the Company's personnel management rules and employees' work rules and disciplined subject to seriousness of the case.

Article 12: Enforcement and amendment

The Procedure shall be enforced upon agreement by a majority of the Audit Committee members, and subject to resolution by a Board of Directors' meeting and approval by a shareholders' meeting in advance. If a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee and also to a shareholders' meeting for discussion. The same shall apply where the Procedure is amended. Where the Company has assigned the position of independent director, when the Operating Procedure is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

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

Appendix 5

China General Plastics Corporation

Stake of Directors

Title	Name	Stake
Chairperson	Yi-Gui Wu (Representative of Union Polymer International Investment Corporation)	122,844,609
Director	Ji-Zhong Zhang (Representative of Union Polymer International Investment Corporation)	
Director	Han-Fu Lin (Representative of Union Polymer International Investment Corporation)	
Director	Bao-Luo Ying (Representative of Union Polymer International Investment Corporation)	
Director	Han-Tai Liu (Representative of Union Polymer International Investment Corporation)	
Director	Zhen-Tu Liu (Representative of Union Polymer International Investment Corporation)	
Independent Director	Zu-De Li	0
Independent Director	Ying-Bin Zheng	0
Independent Director	Liang-Xian Li	0
Total Stake of Directors		122,844,609
Stake by Law of Directors		16,000,000

Note: The said stake is the number of shares registered in the List of Shareholders dated by the book due date (April 24) of the 2018 AGM.

2. The total issued shares of CGPC are 491,999,560 shares.

Appendix 6

The Impact of Stock Dividend Issuance on Business

Performance, EPS, and ROE: No estimates should be disclosed as no financial forecast was made for 2018.

Item	Year	2018 (Estimates)
Beginning paid-in capital		NT\$4,919,995,600
Stock dividend of the year (Note 1)	Cash dividend per share	NT\$1.5
	Stock dividend per share for capitalization with earnings.	0.03 share
	Stock dividend per share for capitalization with capital reserve.	0 share
Impact on business performance	Operating income	N/A (Note 2)
	Rate of increase (decrease) of operating income YOY	
	Net profit after tax	
	Rate of increase (decrease) of net profit after tax YOY	
	EPS	
	Rate of increase (decrease) of EPS YOY	
	Average ROI (reciprocal of average price-earnings ratio (PER))	
Proposed EPS and PER	If issuing dividends in cash for capitalization with earnings	Proposed EPS
		Proposed annual average ROI
	If no capitalization with legal reserve	Proposed EPS
		Proposed annual average ROI
	If issuing dividends in cash for capitalization with earnings without capitalization with legal reserve	Proposed EPS
		Proposed annual average ROI

Note 1: Dividend distribution for 2017 is shown according to the profit distribution proposal resolved by the Board on March 12, 2018.

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

1. The company shall present all basic assumptions for estimates or proposed data.

2. Proposed EPS for issuing dividends in cash for capitalization with earnings.
= [Net profit after tax – Imputed interest for cash dividends* x (1 – Tax rate)] ÷ [**Total Issued Shares by End of Year – Number of Shares with Dividends****]
Imputed interest for cash dividends* = Amount of capitalization with earnings x General interest rate for one-year loan
Number of Shares with Dividends**: The number of shares increased from the stock dividends in the previous year.
3. Annual PER: Annual Average Market Price Per Share ÷ EPA in the Annual Financial Statement

Chairperson:

Manager:

Case Officer:

Appendix 7

Description of shareholders proposals:

1. Referring to Article 172-1 of the Company Act: “Shareholder(s) holding one per cent (1%) or more of the total number of outstanding shares of a company may make a proposal for discussion at a general meeting of shareholders, provided that only one matter shall be allowed in each single proposal of not more than 300 words.”
2. The acceptance period of proposals from shareholders for the 2018 AGM is from April 15, 2018 to April 25, 2018. Such information was disclosed on the Market Observation Post System by law on April 2, 2018.
3. No proposal from shareholder was received during the said period.