

Stock Code: 1305

China General Plastics Corporation

Handbook for the

2021 Annual General Meeting of Shareholders

Date: May 28, 2021

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

Aesthetics Hotel

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China General Plastics Corporation Procedure of the 2021 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 2021
Agenda of Annual General Meeting of
Shareholders

Date : May 28, 2021 (Friday) AM 09:00

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

Aesthetics Hotel

1. Report Items :

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

2. Matters for Ratification and Discussion :

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

competitive actions.

3. Extemporaneous Motions :

4. Adjournment

I. Report Items:

Report 1

To report 2020 operating results.

China General Plastics Corporation 2020 Business Report

In 2020, net sales reduced by NT\$124 million YoY to NT\$8.268 billion, with a budget achievement rate of only 98%. Operating income increased by NT\$153 million or 100% YoY to NT\$331 million, with a budget achievement rate of 86%. Non-operating income increased by NT\$992 million YoY to NT\$1.355 billion, with a net income after tax at NT\$1.634 billion and a budget achievement rate of 185%.

Business Review 2020:

Raw materials:

Ethylene: Although new ethylene capacity gradually rolled out, sales were reduced by the impacts of COVID-19. Prices fell significantly in April to near the bottom during the financial crisis. Fortunately, sales regained as the pandemic slowed, and the ethylene price regained in line with the oil price rise. The price continued to rise to a new high of the year at the end of the year.

EDC: The EDC price also experienced a “V” process when sales reduced in Q2 after the lockdown of cities and ports. The severe price plunge finally led to a historic low for the export price to the USA. The chlor-alkali plant began to reduce production as profit was insufficient. Alongside a range of consecutive force majeure events that occurred to the US plant, EDC supply dropped severely to rapidly raise the price to a new high over the last decade in December.

VCM: Despite the VCM supply shortfall in early 2020, PVC price support comparatively stabilized the raw material price to hold the VCM price. However, PVC/VCM sales turned difficult and a sell-off followed suit as the future market was unpredictable after city and port lockdowns began in India and other countries for the pandemic, resulting in a significant drop in the VCM price. Then, as VCM plants either reduced or suspended production and due to the gradual recovery of the inelastic PVC demand, a PVC/VCM undersupply occurred, leading to a rapid VCM price rebound in Q2 from the bottom to a new high over the last 9 years at the end of 2020.

Products: In early 2020, the PVC market was stable and tended to rise following the trend at the end of 2019. However, the PVC price began to fall in mid-March when global economic activities stopped after countries locked down their borders in response to the outbreak and spread of COVID-19. In the meantime, most plants also suspended production accordingly. When the pandemic gradually slowed, countries began to reopen their borders in May, leading to an eruptive inelastic PVC demand with emergency orders. Particularly, buyers from India, Bangladesh, Southeast Asia, and South America vied for the limited supply, leading to a price rebound from the bottom. In the USA, as manufacturers postponed reopening for annual repair delayed by the pandemic, and due to the hurricane damage in August, two leading PVC manufacturers announced F/M one after another in Q3. Three leading European manufacturers also announced F/M in September and October due to equipment failures and materials supply disruption, worsening PVC undersupply, which remained unsolved at the end of 2020. Alongside other factors, including storage and container shortages, export prices and demand also escalated. Due to the production-sales fall in April also caused by raw materials shortages, our PVC production and sales in 2020 reduced to 203,000MT and 208,000MT respectively from 2019. Despite the revenue drop, operating profit increased significantly from 2019 to NT\$310 million. In chemical products, due to the constantly low caustic soda price and the recovery of the electronics industry, sales increased by 1% from 2019. In processing products, the sales of construction materials maintained at the 2019 level due to the release of infrastructure projects and the heat-up of the real-estate market. The sales of PVC vinyl fabrics dropped by 4% from 2019 following the decline of the end-user market, order reduction from downstream customers, and tariff barriers. However, the sales of plastic products increased by 2% thanks to the automotive market recovery. Overall, the operating profit from processing products reached NT\$35 million.

In re-investment, TVCM's VCM output reduced by 56,000MT from 2019 to 391,000MT, with a budget achievement rate of 83%; sales volume reduced by 45,000MT to 403,000MT, with a budget achievement rate of 86% and a profit of NT\$1.232 billion. In addition, CGPC Polymer Corporation's PVC output reduced by 18,000MT YoY to 185,000MT, with a budget achievement rate of 87%; sales volume reduced by 30,000MT YoY to 187,000 MT, with a budget achievement

rate of 87 % and a profit of NT\$283 million.

Business Outlook 2021:

Raw materials:

Ethylene: The supply in Asia will reduce in March-May when the annual repair of cracking plants in South Korea begins. In addition, the supply in the USA and Europe will also reduce after accidents broke out in many local cracking plants since 2020 with pending recovery or inspection. As domestic demand is stable, the ethylene price keeps running high, and Europe even goes panic-buying US ethylene with the shipping cost advantages. By shutting down the ocean freight window for arbitrage in Asia, it is estimated that undersupply will gradually be relieved and the price will eventually return to normal in the second half of the year.

EDC: The caustic soda price will run low due to poor sales caused by the ongoing pandemic to reduce the operations of chlor-alkali plants. Besides limiting the chlorine output, the EDC supply will also be tightened. Currently, although a war price can maintain the high PCV/VCM sales volume and boost the EDC price to break even the overall chlor-alkali with profit, the market will be unable to expand. While the EDC price in Japan has reached a new high in history, a future price re-adjustment is expected, but close attention should be made to the scale of fall to make proper responses.

VCM: The new PVC capacity started operations in 2021 is expected to consume some VCM. Alongside the ceaseless annual repair of VCM manufacturers in the first half of the year, a tight VCM supply is expected to raise the VCM price. However, the severity of the pandemic's impacts on macroeconomics is the key.

Products: In 2021, PVC's sales performance is expected to outperform that of 2020. This is because the new PVC capacity is lower than the demand growth, the beginning stock is low, the PVC demand in emerging markets keeps running high, and the reduction of PVC capacity using the calcium carbide process in mainland China. All these will favor the positive development of the PVC/VCM prices. In addition, as raw material supply will be better than that of 2020, space for profit-making is expected. However, we should keep track of the pandemic's impacts on the global situation and make careful countermeasures.

To pursue sustainable development, we actively seek to enhance VCM/PVC capacity, constantly engage in equipment automation,

energy conservation enhancement, replace old equipment, and establish the smart manufacturing management system. CGPC's Toufen Plant will engage in the construction of a 3D warehouse integrating PVC automated packaging to strengthen overall operational performance, implement the ISO 50001 energy management system to further reduce energy consumption, promote process safety management (PSM) to ensure safe operations, and actively develop new high value-added and differential products. Besides maximizing space for profit-making through the overall planning of the vinyl industry, the management team will make the best use of vertical integration and effective management to make unfailing HSE-related improvements and fulfill the organization's corporate social responsibility in order to build and expand niche to maximize operational performance to achieve and even surpass the annual budget targets.

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 2020 Financial Statement.

China General Plastics Corporation Audit Report

This Audit Committee have audited the 2020 Business Report prepared by the Board of Directors, the financial statements (including individual and consolidated financial statements) audited and certified by CPA Xiu-Chun Huang and CPA Zheng-Jun Qiu 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 2021 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 5, 2021

Report Items:

Report 3

To report 2020 remuneration of directors and employees.

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

2. The compensation for employees in 2020 will be distributed in cash at 1%, NT\$17,033,722, of the 2020 earnings, and no compensation will be distributed to directors.

II. Matters for Ratification and Discussion:

Proposal 1

Proposed by the Board

To ratify 2020 Business Report and Financial Statements.

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

2. Please refer to p. 5-8 of this Handbook for the 2020 Business Report and p. 12-34 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, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

Base of Opinion

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

Key Audit Matters

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

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

Valuation of Inventory

As of December 31, 2020, the carrying amount of the Company's inventory was NT\$626,446 thousand (i.e., the gross amount of inventory of NT\$668,534 thousand with a deduction of the allowance for inventory valuation and obsolescence losses of NT\$42,088 thousand), representing 5% of the Company's total assets. As the Company's inventory was stated at the lower of cost or net realizable value in accordance with IAS 2 "Inventories", which involved critical judgment and accounting estimates by the management, we identified the valuation of inventory as a key audit matter.

Refer to Notes 4, 5 and 10 to the Company's financial statements for the related accounting policies and disclosures on inventory valuation.

The main audit procedures that we performed for valuation of inventory are as follows:

1. We obtained an understanding of the reasonableness of the Company's policies and methods of the allowance for inventory valuation.
2. We have conducted tests with the inventory cost and net realizable value evaluation statements prepared by the management, including but not limited to validation of logic in the statement, bases adopted for inventory cost carried down and net realizable value, also recalculated and validated related statements.
3. We have obtained inventory aging for evaluation data prepared by the management, spot checked on inventory aging and evaluated the management's base for obsolescence loss of inventory estimates and whether it is reasonable.
4. We also performed the retrospective test to verify the validity of the impairment items and value decline in subsequent period.

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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare

circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche
Taipei, Taiwan, Republic of China

CPA Huang, Hsiu-Chun

CPA Chiu, Cheng-Chun

Financial Supervisory Commission
Approved Document No. Tai Cai
Zheng Liu Zi No. 0920123784

Financial Supervisory Commission
Approved Document No. Jin Guan
Zheng Liu Zi No. 0930160267

March 05, 2021

Notice to Readers:

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

CHINA GENERAL PLASTICS CORPORATION
BALANCE SHEETS
DECEMBER 31, 2020 AND 2019

Unit: NT\$ thousand

CODE	ASSETS	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 4 and 6)	\$ 245,740	2	\$ 196,834	2
1110	Financial assets at fair value through profit or loss (FVTPL) - current (Note 4 and 7)	362,101	3	391,585	4
1150	Notes receivable (Notes 4 & 9)	162,639	1	133,133	1
1170	Trade receivables (Notes 4 and 9)	1,044,989	8	629,762	6
1180	Trade receivables from related parties (Note 4, 9 and 24)	111,124	1	109,470	1
1200	Other receivables (Note 4, 9)	46,206	1	34,716	-
1210	Other receivables from related parties (Notes 4, 9 and 24)	2,265	-	2,298	-
1220	Current tax assets (Note 4, 5 and 20)	15,941	-	5,905	-
1310	Inventories (Note 4, 5 and 10)	626,446	5	711,410	7
1410	Prepayments	13,895	-	27,833	-
1470	Other current assets	1,176	-	1,193	-
11XX	Total current assets	<u>2,632,522</u>	<u>21</u>	<u>2,243,869</u>	<u>21</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	137,731	1	117,882	1
1550	Investments accounted for using the equity method (Notes 4, 5, and 11)	6,096,700	48	4,879,875	45
1600	Property, plant and equipment (Notes 4, 12 and 25)	3,248,517	26	3,082,693	28
1760	Investment properties (Note 4 and 13)	271,158	2	285,298	3
1780	Intangible assets (Note 4)	46	-	137	-
1840	Deferred tax assets (Note 4, 5 and 20)	204,427	2	218,937	2
1990	Other non-current assets (Note 25)	11,166	-	12,115	-
15XX	Total non-current assets	<u>9,969,745</u>	<u>79</u>	<u>8,596,937</u>	<u>79</u>
1XXX	TOTAL	<u>\$12,602,267</u>	<u>100</u>	<u>\$10,840,806</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2120	Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 4 and 7)	\$ 2,507	-	\$ -	-
2170	Trade payables (Note 14)	256,825	2	249,970	2
2180	Trade payables to related parties (Notes 14 and 24)	1,100,365	9	874,579	8
2200	Other payables (Note 15)	420,564	3	323,197	3
2220	Other payables to related parties (Note 24)	4,779	-	2,166	-
2230	Current tax liabilities (Note 4, 5 and 20)	48,917	1	-	-
2399	Other current liabilities (Notes 18)	45,589	-	66,004	1
21XX	Total current liabilities	<u>1,879,546</u>	<u>15</u>	<u>1,515,916</u>	<u>14</u>
	NON-CURRENT LIABILITIES				
2570	Deferred tax liabilities (Note 4,5 and 20)	484,721	4	485,035	5
2640	Net defined benefit liabilities - non-current (Notes 4 and 16)	530,197	4	584,884	5
2670	Other non-current liabilities	4,288	-	4,159	-
25XX	Total non-current liabilities	<u>1,019,206</u>	<u>8</u>	<u>1,074,078</u>	<u>10</u>
2XXX	Total liabilities	<u>2,898,752</u>	<u>23</u>	<u>2,589,994</u>	<u>24</u>
	EQUITY (Notes 4, 8, 11, 16, 17 and 20)				
3110	Ordinary shares	5,533,814	44	5,270,299	49
3200	Capital surplus	10,338	-	10,060	-
	Retained earnings				
3310	Legal reserve	704,963	6	640,570	6
3320	Special reserve	408,223	3	408,223	4
3350	Unappropriated earnings	2,950,662	23	1,888,394	17
3300	Total retained earnings	<u>4,063,848</u>	<u>32</u>	<u>2,937,187</u>	<u>27</u>
3400	Other equity	95,515	1	33,266	-
3XXX	Total equity	<u>9,703,515</u>	<u>77</u>	<u>8,250,812</u>	<u>76</u>
	TOTAL	<u>\$12,602,267</u>	<u>100</u>	<u>\$10,840,860</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.

Notice to Readers:

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

CHINA GENERAL PLASTICS CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

		Unit: NT\$ Thousand, except Earnings Per Share			
Code		2020		2019	
		Amount	%	Amount	%
4100	NET REVENUE (Notes 4, 18 and 24)	\$8,268,069	100	\$8,391,693	100
5110	COST OF REVENUE (Notes 4, 5, 10, 19 and 24)	<u>7,389,155</u>	<u>89</u>	<u>7,676,217</u>	<u>92</u>
5900	GROSS PROFIT	878,914	11	715,476	8
5920	REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Note 4)	<u>681</u>	<u>-</u>	<u>270</u>	<u>-</u>
5950	REALIZED GROSS PROFIT	<u>879,595</u>	<u>11</u>	<u>715,746</u>	<u>8</u>
	OPERATING EXPENSES (Notes 19 and 24)				
6100	Selling and marketing expenses	382,926	5	352,696	4
6200	General and administrative expenses	135,053	2	154,476	2
6300	Research and development expenses	<u>31,014</u>	<u>-</u>	<u>31,263</u>	<u>-</u>
6000	Total operating expenses	<u>548,993</u>	<u>7</u>	<u>538,435</u>	<u>6</u>
6900	NET PROFIT FROM OPERATIONS	<u>330,602</u>	<u>4</u>	<u>177,311</u>	<u>2</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 4, 5, 7, 11,13, 19 and 24)				
7100	Interest income	1,434	-	6,843	-
7010	Other income	27,917	-	19,034	-
7020	Other gain and loss	(33,826)	-	4,645	-
7510	Interest expense	(986)	-	(788)	-
7060	Share of profit of subsidiaries and associates	<u>1,361,197</u>	<u>17</u>	<u>482,646</u>	<u>6</u>
7000	Total non-operating income and expenses	<u>1,355,736</u>	<u>17</u>	<u>512,380</u>	<u>6</u>
7900	PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,686,338	21	689,691	8
7950	INCOME TAX EXPENSE (Notes 4, 5 and 20)	<u>52,154</u>	<u>1</u>	<u>47,014</u>	<u>-</u>
8200	NET PROFIT FOR THE YEAR	<u>1,634,184</u>	<u>20</u>	<u>642,677</u>	<u>8</u>
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 8, 11, 16, 17 and 20)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	17,376	-	4,309	-
8316	Unrealized gain on investments in equity instruments at FVTOCI	36,272	1	3,726	-
8326	Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method-unrealized loss on investments in equity instruments at FVTOCI	35,473	-	5,461	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using the equity method - remeasurement of defined benefit plans	5,606	-	2539	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	(3,475)	<u>-</u>	(862)	<u>-</u>
8310		<u>91,252</u>	<u>1</u>	(15,173)	<u>-</u>
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	(12,122)	-	(20,861)	-
8371	Share of other comprehensive income(loss)of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations	203	-	(711)	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	<u>2,423</u>	<u>-</u>	<u>3,634</u>	<u>-</u>
8360		<u>(9,496)</u>	<u>1</u>	(17,983)	<u>-</u>

(Continued)

<u>Code</u>		<u>2020</u>		<u>2019</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
8300	Income tax relating to items that may be reclassified subsequently to profit or loss	\$ 81,756	1	(\$ 2,765)	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>1,715,940</u>	<u>21</u>	<u>639,912</u>	<u>8</u>
EARNINGS PER SHARE (Note 21)					
9750	Basic	<u>\$ 2.95</u>		<u>\$ 1.16</u>	
9850	Diluted	<u>\$ 2.95</u>		<u>\$ 1.16</u>	

The accompanying notes are an integral part of the financial statements.

(Concluded)

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CHINA GENERAL PLASTICS CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Unit: NT\$ thousand

Code		Share Capital (Note 17)								Other Equity (Note 4, 8, 11, 17 and 20)			
		Ordinary Shares	Capital Surplus (Note 4 and 17)			Retained Earnings (Note 4, 16, 17 and 20)				Exchange Differences on Translating the financial statements of Foreign Operations	Unrealized Gain on Investments in Equity Instruments at FVTOCI	Total	Total Equity
			Unpaid Dividends	Others	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total				
A1	BALANCE AT JANUARY 1, 2019	\$5,067,596	\$ 8,622	\$ 307	\$ 8,929	\$ 512,954	\$ 408,223	\$2,334,921	\$3,256,098	(\$ 15,825)	\$ 57,842	\$ 42,017	\$8,374,640
A3	Effect of retrospective restatement	-	-	-	-	-	-	(4,731)	(4,731)	-	-	-	(4,731)
A5	BALANCE AT JANUARY 1, 2019, AS RESTATED	5,067,596	8,622	307	8,929	512,954	408,223	2,330,190	3,251,367	(15,825)	57,842	42,017	8,369,909
	Appropriation of 2018 earnings												
B1	Legal reserve	-	-	-	-	127,616	-	(127,616)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	(760,140)	(760,140)	-	-	-	(760,140)
B9	Share dividends distributed by the Company	202,703	-	-	-	-	-	(202,703)	(202,703)	-	-	-	-
C17	Other changes in capital surplus	-	1,124	7	1,131	-	-	-	-	-	-	-	1,131
D1	Net profit for the year ended December 31, 2019	-	-	-	-	-	-	642,677	642,677	-	-	-	626,677
D3	Other comprehensive income for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	5,986	5,986	(17,938)	9,187	(8,751)	(2,765)
D5	Total comprehensive income for the year ended December 31, 2019	-	-	-	-	-	-	648,663	648,663	(17,938)	9,187	(8,751)	639,912
Z1	BALANCE AT DECEMBER 31, 2019	5,270,299	9,746	314	10,060	640,570	408,223	1,888,394	2,937,187	(33,763)	67,029	33,266	8,250,812
	Appropriation of 2019 earnings												
B1	Legal reserve	-	-	-	-	64,393	-	(64,393)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	(263,515)	(263,515)	-	-	-	(263,515)
B9	Share dividends distributed by the Company	263,515	-	-	-	-	-	(263,515)	(263,515)	-	-	-	-
C17	Other changes in capital surplus	-	278	-	278	-	-	-	-	-	-	-	278
D1	Net profit for the year ended December 31, 2020	-	-	-	-	-	-	1,634,184	1,634,184	-	-	-	1,634,184
D3	Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	19,507	19,507	(9,496)	71,745	62,249	81,756
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	1,653,691	1,653,691	(9,496)	71,745	62,249	1,715,940
Z1	BALANCE AT DECEMBER 31, 2020	<u>\$5,533,814</u>	<u>\$ 10,024</u>	<u>\$ 314</u>	<u>\$ 10,338</u>	<u>\$ 704,963</u>	<u>\$ 408,223</u>	<u>\$2,950,662</u>	<u>\$4,063,848</u>	<u>(\$ 43,259)</u>	<u>\$ 138,774</u>	<u>\$ 95,515</u>	<u>\$9,703,515</u>

The accompanying notes are an integral part of the financial statements.

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CHINA GENERAL PLASTICS CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Unit: NT\$ thousand

Code		2020	2019
	CASH FLOWS FROM OPERATING		
	ACTIVITIES		
A10000	Income before income tax	\$ 1,686,338	\$ 689,691
A20010	Adjustments for:		
A20100	Depreciation expenses	209,482	184,536
A20200	Amortization expenses	91	1,503
A20400	Net loss (gain) on fair value change on financial assets carried at FVTPL	68,860	(35,516)
A20900	Interest expense	986	788
A21200	Interest income	(1,434)	(6,843)
A21300	Dividend income	(9,192)	(3,983)
A22400	Share of profit of subsidiaries and associates	(1,361,197)	(482,646)
A22500	Net (gain) loss on disposal of property, plant and equipment	(2,027)	73
A23200	Loss (gain) on disposal of investments accounted for using the equity method	173	(2,549)
A23700	Write-down (reversal) of inventories	3,798	(4,770)
A24000	Realized gain on the transactions with subsidiaries	(681)	(270)
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at FVTPL	(36,869)	49,327
A31130	Notes receivable	(29,506)	57,247
A31150	Trade receivables	(415,227)	202,935
A31160	Trade receivables from related parties	(1,654)	(7,900)
A31180	Other receivables	(11,500)	(7,750)
A31190	Other receivables from related parties	33	109
A31200	Inventories	80,896	114,451
A31230	Prepayments	13,938	(10,485)
A31240	Other current assets	17	(153)
A32130	Notes payable	-	(288)
A32150	Trade payables	6,925	23,507
A32160	Trade payables to related parties	225,786	97,192
A32180	Other payables	125,368	(57,663)
A32190	Other payables to related parties	2,613	(1,996)

(Continued)

Code		2020	2019
A32230	Other current liabilities	(\$ 20,415)	\$ 4,641
A32240	Net defined benefit liabilities	(37,311)	(38,242)
A33000	Cash generated from operations	498,291	764,946
A33100	Interest received	1,444	6,862
A33300	Interest paid	(986)	(788)
A33500	Income tax paid	(129)	(81,178)
AAAA	Net cash generated from operating activities	<u>498,620</u>	<u>689,842</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00030	Proceeds from capital reduction of financial assets at FVTOCI	16,423	6,891
B02300	Purchase of financial assets at amortized cost	-	78,556
B02700	Payments for property, plant and equipment	(392,253)	(389,412)
B02800	Proceeds from disposal of property, plant and equipment	2,952	3,750
B03700	Increase in refundable deposits	(39,029)	(12,026)
B03800	Decrease in refundable deposits	39,978	2,385
B09900	Proceeds from liquidation of investments accounted for using equity method	1,274	-
B07600	Dividends received	<u>181,958</u>	<u>422,912</u>
BBBB	Net cash (used in) generated from investing activities	(188,697)	<u>113,056</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
C03000	Proceeds from guarantee deposits received	461	2,988
C03100	Refunds of guarantee deposits received	(330)	(1,844)
C04400	Decrease in other non-current liabilities	(2)	(4)
C04500	Dividends paid	(261,146)	(757,933)
CCCC	Net cash used in financing activities	(261,017)	(756,793)
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	48,906	46,105
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>196,834</u>	<u>150,729</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 245,740</u>	<u>\$ 196,834</u>

The accompanying notes are an integral part of the financial statements.

(Concluded)

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

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

Base for Opinion

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

Key Audit Matters

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

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

Valuation of Inventory

As of December 31, 2020, the carrying amount of the Group's inventory was NT\$1,207,129 thousand (i.e., the gross amount of inventory of NT\$1,300,086 thousand with a deduction of the allowance for inventory valuation and obsolescence losses of NT\$92,957 thousand), representing 9% of the Group's total assets. As the Group's inventory was stated at the lower of cost or net realizable value in accordance with IAS 2 "Inventories", which involved critical judgment and accounting estimates by the management, we identified the valuation of inventory has been identified as a key audit matter.

Refer to Notes 4, 5 and 11 to the Group's financial statements for the related accounting policies and disclosures on inventory valuation.

The main audit procedures that we performed for valuation of inventory are as follows:

1. We obtained an understanding of the reasonableness of the Group's policies and methods of the allowance for inventory valuation.
2. We have conducted tests with the inventory cost and net realizable value evaluation statements prepared by the management, including but not limited to validation of logic in the statement, bases adopted for inventory cost carried down and net realizable value, also recalculated and validated related statements.
3. We have obtained inventory aging for evaluation data prepared by the management, spot checked on inventory aging and evaluated the management's base for obsolescence loss of inventory estimates and whether it is reasonable.
4. We also performed the retrospective test to verify the validity of the impairment items and value decline in subsequent period.

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, 2020

and 2019 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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, 2020 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.

Deloitte & Touche
Taipei, Taiwan, Republic of China

CPA Huang, Hsiu-Chun

Financial Supervisory Commission
Approved Document No. Tai Cai
Zheng Liu Zi No. 0920123784

CPA Chiu, Cheng-Chun

Financial Supervisory Commission
Approved Document No. Jin Guan
Zheng Liu Zi No. 0930160267

March 05, 2021

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CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019

Unit: NT\$ thousand

CODE	ASSETS	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 4 and 6)	\$ 777,101	6	\$ 653,347	6
1110	Financial assets at fair value through profit or loss (FVTPL) - current (Note 4 and 7)	1,524,661	11	776,077	6
1136	Financial assets at amortized cost - current (Notes 4, 9 and 30)	269,224	2	269,103	2
1150	Notes receivable (Notes 4, 10)	200,777	1	209,990	2
1170	Trade receivables (Notes 4, 10 and 29)	1,703,390	12	1,268,810	10
1200	Other receivables (Note 4 and 10)	126,010	1	73,501	1
1210	Other receivables from related parties (Notes 4, 10 and 29)	2,811	-	14,315	-
1220	Current tax assets (Note 4, 5 and 25)	16,481	-	6,223	-
1310	Inventories (Note 4, 5 and 11)	1,207,129	9	1,469,212	12
1410	Prepayments	45,425	-	133,470	1
1470	Other current assets	<u>1,576</u>	-	<u>2,818</u>	-
11XX	Total current assets	<u>5,874,585</u>	<u>42</u>	<u>4,876,866</u>	<u>40</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	140,477	1	119,803	1
1550	Investments accounted for using the equity method (Notes 4 and 14)	338,228	2	280,769	2
1600	Property, plant and equipment (Notes 4, 15, 29 and 30)	6,658,342	48	6,157,575	50
1755	Right-of-use assets (Note 4, 16 and 29)	268,352	2	305,108	2
1760	Investment properties (Note 4 and 17)	356,831	3	285,298	2
1840	Deferred tax assets (Note 4, 5 and 25)	216,299	2	230,996	2
1990	Other non-current assets (Note 4 and 30)	<u>40,511</u>	-	<u>74,818</u>	<u>1</u>
15XX	Total non-current assets	<u>8,019,040</u>	<u>58</u>	<u>7,454,367</u>	<u>60</u>
1XXX	TOTAL	<u>\$ 13,893,625</u>	<u>100</u>	<u>\$ 12,331,233</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2120	Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 4 and 7)	\$ 4,556	-	\$ 1,227	-
2170	Trade payables (Note 19)	786,736	5	681,973	6
2180	Trade payables to related parties (Notes 19 and 29)	107,035	1	156,339	1
2200	Other payables (Note 20)	802,869	6	630,440	5
2220	Other payables to related parties (Note 29)	13,471	-	15,084	-
2230	Current tax liabilities (Note 4, 5 and 25)	374,688	3	99,734	1
2280	Lease liability - current (Notes 4, 16 and 29)	36,029	-	36,082	-
2300	Other current liabilities (Notes 23)	<u>95,219</u>	<u>1</u>	<u>74,220</u>	<u>1</u>
21XX	Total current liabilities	<u>2,220,603</u>	<u>16</u>	<u>1,695,099</u>	<u>14</u>
	NON-CURRENT LIABILITIES				
2540	Long-term borrowings (Notes 4, 15, 18 and 30)	50,000	1	500,000	4
2570	Deferred tax liabilities (Note 4, 5 and 25)	594,562	4	595,310	5
2580	Lease liabilities - non-current (Notes 4, 16 and 29)	147,189	1	181,459	1
2640	Net defined benefit liabilities - non-current (Notes 4 and 21)	572,981	4	642,215	5
2670	Other non-current liabilities	<u>4,532</u>	-	<u>4,584</u>	-
25XX	Total non-current liabilities	<u>1,369,264</u>	<u>10</u>	<u>1,923,568</u>	<u>15</u>
2XXX	Total liabilities	<u>3,589,867</u>	<u>26</u>	<u>3,618,667</u>	<u>29</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 8, 14, 21, 22 and 25)				
3110	Ordinary shares	<u>5,533,814</u>	<u>40</u>	<u>5,270,299</u>	<u>43</u>
3200	Capital surplus	<u>10,338</u>	-	<u>10,060</u>	-
	Retained earnings				
3310	Legal reserve	704,963	5	640,570	5
3320	Special reserve	408,223	3	408,223	3
3350	Unappropriated earnings	<u>2,950,662</u>	<u>21</u>	<u>1,888,394</u>	<u>16</u>
3300	Total retained earnings	<u>4,063,848</u>	<u>29</u>	<u>2,937,187</u>	<u>24</u>
3400	Other equity	<u>95,515</u>	<u>1</u>	<u>33,266</u>	-
31XX	Total equity attributable to owners of the Company	<u>9,703,515</u>	<u>70</u>	<u>8,250,812</u>	<u>67</u>
36XX	NON-CONTROLLING INTERESTS	<u>600,243</u>	<u>4</u>	<u>461,754</u>	<u>4</u>
3XXX	Total equity	<u>10,303,758</u>	<u>74</u>	<u>8,712,566</u>	<u>71</u>
	TOTAL	<u>\$ 13,893,625</u>	<u>100</u>	<u>\$ 12,331,233</u>	<u>100</u>

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CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Unit: NT\$ Thousand, except
Earnings Per Share

Code		2020		2019	
		Amount	%	Amount	%
4100	NET REVENUE (Notes 4, 23 and 29)	\$13,733,148	100	\$15,117,855	100
5110	COST OF REVENUE (Notes 4, 5, 11, 21, 24 and 29)	<u>10,373,858</u>	<u>75</u>	<u>13,148,375</u>	<u>87</u>
5900	GROSS PROFIT	<u>3,359,290</u>	<u>25</u>	<u>1,969,480</u>	<u>13</u>
	OPERATING EXPENSES (Notes 4, 21, 24 and 29)				
6100	Selling and marketing expenses	874,540	6	851,284	6
6200	General and administrative expenses	262,422	2	284,330	2
6300	Research and development expenses	<u>68,776</u>	<u>1</u>	<u>59,967</u>	<u>-</u>
6000	Total operating expenses	<u>1,205,738</u>	<u>9</u>	<u>1,195,581</u>	<u>8</u>
6900	PROFIT FROM OPERATIONS	<u>2,153,552</u>	<u>16</u>	<u>773,899</u>	<u>5</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 4, 7, 14, 24 and 29)				
7100	Interest income	3,621	-	15,780	-
7010	Other income	36,181	-	48,764	1
7020	Other gain and loss	(48,610)	-	3,028	-
7510	Interest expense	(7,387)	-	(12,203)	-
7060	Share of profit of associates accounted for using the equity method	<u>23,708</u>	<u>-</u>	<u>24,740</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>7,513</u>	<u>-</u>	<u>80,109</u>	<u>1</u>
7900	PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,161,065	16	854,008	6
7950	INCOME TAX EXPENSE (Notes 4, 5 and 25)	<u>373,628</u>	<u>3</u>	<u>160,193</u>	<u>1</u>
8000	NET PROFIT FROM CONTINUING OPERATIONS	1,787,437	13	693,815	5
8100	NET PROFIT FROM DISCONTINUED OPERATIONS (Note 4 and 12)	<u>4,273</u>	<u>-</u>	<u>4,175</u>	<u>-</u>
8200	NET PROFIT FOR THE YEAR	<u>1,791,710</u>	<u>13</u>	<u>697,990</u>	<u>5</u>
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 8, 14, 21, 22 and 25)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	23,527	-	7,692	-
8316	Unrealized gain on investments in equity instruments at FVTOCI	37,096	1	4,054	-
8321	Share of the other comprehensive income (loss) of associates accounted for using the equity method - remeasurement of defined benefit plans	241	-	(411)	-
8326	Share of the other comprehensive income of associates accounted for using the equity method - unrealized loss on investments in equity instruments at FVTOCI	34,754	-	5,175	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	(3,475)	-	(862)	-
8310		<u>92,143</u>	<u>1</u>	<u>(15,648)</u>	<u>-</u>
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	(12,122)	-	(20,861)	-
8371	Share of the other comprehensive income (loss) of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations	203	-	(711)	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	<u>2,423</u>	<u>-</u>	<u>3,634</u>	<u>-</u>
8360		(9,496)	-	(17,938)	-
8300	Other comprehensive income (loss) for the year, net of income tax	<u>82,647</u>	<u>1</u>	<u>(2,290)</u>	<u>-</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$1,874,357</u>	<u>14</u>	<u>\$ 695,700</u>	<u>5</u>
	NET PROFIT ATTRIBUTABLE TO:				
8610	Owners of the Company	\$1,634,184	12	\$ 642,677	4
8620	Non-controlling interests	<u>157,526</u>	<u>1</u>	<u>55,313</u>	<u>1</u>
8600		<u>\$1,791,710</u>	<u>13</u>	<u>\$ 697,990</u>	<u>5</u>

(Continued)

Code		2020		2019	
		Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
8710	Owners of the Company	\$1,715,940	13	\$ 639,912	4
8720	Non-controlling interests	<u>158,417</u>	<u>1</u>	<u>55,788</u>	<u>1</u>
8700		<u>\$1,874,357</u>	<u>14</u>	<u>\$ 695,700</u>	<u>5</u>
EARNINGS PER SHARE (Note 26)					
From continuing and discontinued operations					
9750	Basic	<u>\$ 2.95</u>		<u>\$ 1.16</u>	
9850	Diluted	<u>\$ 2.95</u>		<u>\$ 1.16</u>	
From continuing operations					
9710	Basic	<u>\$ 2.94</u>		<u>\$ 1.15</u>	
9810	Diluted	<u>\$ 2.94</u>		<u>\$ 1.15</u>	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

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CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Unit: NT\$ thousand

Equity Attributable to Owners of the Company (Notes 4, 8, 14, 21, 22 and 25)

Code		Share Capital		Capital Surplus		Retained Earnings			Other Equity					Non-controlling Interests (Note 22)	Total Equity
		Ordinary Shares	Unpaid Dividends	Others	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain on Investments in Equity Instruments at FVTOCI	Total	Total		
A1	BALANCE AT JANUARY 1, 2019	\$ 5,067,596	\$ 8,622	\$ 307	\$ 8,929	\$ 512,954	\$ 408,223	\$ 2,334,921	\$ 3,256,098	(\$ 15,825)	\$ 57,842	\$ 42,017	\$ 8,374,640	\$ 436,464	\$ 8,811,104
A3	Effect of retrospective restatement	-	-	-	-	-	-	(4,731)	(4,731)	-	-	-	(4,731)	(306)	(5,037)
A5	BALANCE AT JANUARY 1, 2019, AS RESTATED	5,067,596	8,622	307	8,929	512,954	408,223	2,330,190	3,251,367	(15,825)	57,842	42,017	8,369,909	436,158	8,806,067
	Appropriation of 2018 earnings														
B1	Legal reserve	-	-	-	-	127,616	-	(127,616)	-	-	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	(760,140)	(760,140)	-	-	-	(760,140)	-	(760,140)
B9	Share dividends distributed by the Company	202,703	-	-	-	-	-	(202,703)	(202,703)	-	-	-	-	-	-
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(30,192)	(30,192)
C17	Other changes in capital surplus	-	1,124	7	1,131	-	-	-	-	-	-	-	1,131	-	1,131
D1	Net profit for the year ended December 31, 2019	-	-	-	-	-	-	642,677	642,677	-	-	-	642,677	55,313	697,990
D3	Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	5,986	5,986	(17,938)	9,187	(8,751)	(2,765)	475	(2,290)
D5	Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	648,663	648,663	(17,938)	9,187	(8,751)	639,912	55,788	695,700
Z1	BALANCE AT DECEMBER 31, 2019	5,270,299	9,746	314	10,060	640,570	408,223	1,888,394	2,937,187	(33,763)	67,029	33,266	8,250,812	461,754	8,712,566
	Appropriation of 2019 earnings														
B1	Legal reserve	-	-	-	-	64,393	-	(64,393)	-	-	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	(263,515)	(263,515)	-	-	-	(263,515)	-	(263,515)
B9	Share dividends distributed by the Company	263,515	-	-	-	-	-	(263,515)	(263,515)	-	-	-	-	-	-
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(19,927)	(19,927)
C17	Other changes in capital surplus	-	278	-	278	-	-	-	-	-	-	-	(278)	(1)	(277)
D1	Net profit for the year ended December 31, 2020	-	-	-	-	-	-	1,634,184	1,634,184	-	-	-	1,634,184	157,526	1,791,710
D3	Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	19,507	19,507	(9,496)	71,745	62,249	81,756	891	82,647
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	1,653,691	1,653,691	(9,496)	71,745	62,249	1,715,940	158,417	1,874,357
Z1	BALANCE AT DECEMBER 31, 2020	\$ 5,533,814	\$ 10,024	\$ 314	\$ 10,338	\$ 704,963	\$ 408,223	\$ 2,950,662	\$ 4,063,848	(\$ 43,259)	\$ 138,774	\$ 95,515	\$ 9,703,515	\$ 600,243	\$ 10,303,758

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

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CHINA GENERAL PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Unit: NT\$ thousand

Code		2020	2019
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Income before income tax from continuing operations	\$ 2,161,065	\$ 854,008
A00020	Income before income tax from discontinued operations	<u>4,273</u>	<u>4,175</u>
A10000	Income before income tax	2,165,338	858,183
A20010	Adjustments for:		
A20100	Depreciation expenses	653,932	604,562
A20200	Amortization expenses	40,690	33,505
A20400	Net loss (gain) on fair value change on financial assets carried at FVTPL	70,497	(40,527)
A20900	Interest expense	7,387	12,203
A21200	Interest income	(3,882)	(16,013)
A21300	Dividend income	(9,265)	(4,019)
A22300	Share of profit of associates	(23,708)	(24,740)
A22500	Gain on disposal of property, plant and equipment	(764)	(4)
A22600	Property, plant and equipment transferred to expense	9,431	4,340
A23200	Loss (gain) on disposal of investments accounted for using the equity method	173	(2,549)
A23700	Write-down of inventories	10,404	3,736
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at FVTPL	(814,525)	715,948
A31130	Notes receivable	9,213	(14,143)
A31150	Trade receivables	(440,883)	336,100
A31180	Other receivables	(52,930)	11,032
A31190	Other receivables from related parties	11,504	(3,124)
A31200	Inventories	242,839	240,021
A31230	Prepayments	88,045	(77,134)
A31240	Other current assets	1,242	(1,305)
A32110	Financial liabilities held for trading	(1,227)	(19,209)
A32130	Notes payable	-	(288)

(Continued)

Code		2020	2019
A32150	Trade payables	\$ 109,387	(\$ 232,934)
A32160	Trade payables to related parties	(49,304)	(15,521)
A32180	Other payables	190,253	(90,251)
A32190	Other payables to related parties	(1,611)	813
A32230	Other current liabilities	20,999	5,808
A32240	Net defined benefit liabilities	(<u>45,707</u>)	(<u>57,772</u>)
A33000	Cash generated from operations	2,187,528	2,226,718
A33100	Interest received	4,289	16,141
A33300	Interest paid	(7,462)	(12,487)
A33500	Income tax paid	(<u>96,032</u>)	(<u>213,820</u>)
AAAA	Net cash generated from operating activities	<u>2,088,323</u>	<u>2,016,552</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00030	Proceeds from capital reduction of financial assets at FVTOCI	16,423	6,891
B00040	Purchase of financial assets at amortized cost	(662,578)	(269,103)
B00050	Proceeds from sale of financial assets at amortized cost	662,457	268,954
B02700	Payments for property, plant and equipment	(1,133,190)	(955,870)
B02800	Proceeds from disposal of property, plant and equipment	4,115	5,552
B03700	Increase in refundable deposits	(50,062)	(22,902)
B03800	Decrease in refundable deposits	50,898	13,150
B05400	Acquisition of Investment Property	(85,673)	-
B06700	Increase in other non-current assets	(7,235)	(24,061)
B07600	Dividends received	9,265	4,019
B09900	Proceeds from liquidation of investments accounted for using equity method	<u>1,274</u>	<u>-</u>
BBBB	Net cash used in investing activities	(<u>1,194,306</u>)	(<u>973,370</u>)
CASH FLOWS FROM FINANCING ACTIVITIES			
C01600	Proceeds from long-term borrowings	50,000	-
C01700	Repayments of long-term borrowings	(500,000)	(500,000)
C03000	Proceeds from guarantee deposits received	15,683	3,866
C03100	Refunds of guarantee deposits received	(15,738)	(2,926)
C04020	Repayment of the principal portion of lease liabilities	(34,088)	(33,939)
C04300	Increase (decrease) in other non-current liabilities	3	(6)

(Continued)

<u>Code</u>		<u>2020</u>	<u>2019</u>
C04500	Dividends paid to owner of the company	(\$ 261,104)	(\$ 757,933)
C05800	Cash dividends paid to non-controlling interests	(19,927)	(30,192)
CCCC	Net cash used in financing activities	(765,171)	(1,321,130)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(5,092)	(3,385)
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	123,754	(281,333)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
		<u>653,347</u>	<u>934,680</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 777,101</u>	<u>\$ 653,347</u>

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(Concluded)

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Matters for Ratification and Discussion:

Proposal 2

Proposed by the Board

To ratify 2020 earnings distribution.

Description: 1. In 2020, the earnings after tax was NT\$1,653,691,203. After appropriating NT\$165,369,120 as the legal reserve, the distributable net profit of 2020 is NT\$1,488,322,083. By the end of 2020, the accumulated distributable earnings is NT\$2,785,293,444 and will be distributed as follows:

- (1) Cash dividend: NT\$996,086,561, i.e. NT\$1.8 per share.
 - (2) Stock dividend: NT\$276,690,710, i.e. NT\$0.5 per share, or 50 shares per 1,000 shares. The unappropriated earnings after distribution will be NT\$1,512,516,173.
2. Please refer to p. 37, "Profit Distribution Table", for details.
 3. According to this proposal, the profit of 2020 will first be distributed, and the insufficiency will be distributed from the profit of previous years.
 4. The cash dividends allocated to each

shareholder shall be rounded down to a whole dollar amount of New Taiwan Dollars, and the total amount of allocation will be subject to the actual amount allocated.

5. Please authorize the Chairman to set a target date for the distribution of cash dividends after the adoption of this proposal.

Resolution:

China General Plastics Corporation 2020 Profit Distribution Table

expressed in NTD

Net profit before tax of 2020	1,686,338,458
Less: Income tax	<u>(52,153,567)</u>
Profit after tax of 2020	1,634,184,891
Add: Retained earnings adjusted for investments made under the equity method	<u>19,506,312</u>
Earnings after tax of 2020	1,653,691,203
Less: Legal reserve	<u>(165,369,120)</u>
Distributable net profit of 2020	1,488,322,083
Add: Beginning unappropriated earnings	<u>1,296,971,361</u>
Accumulated distributable earnings at the end of 2020	<u><u>2,785,293,444</u></u>
Distributable items: (total issued shares: 553,381,423)	
Cash dividend: 1.8/share	996,086,561
Stock dividend: 0.5/share	<u>276,690,710</u>
Total of distributable items	<u><u>1,272,777,271</u></u>
Unappropriated earnings at the end of 2020 transferred to the next year	<u><u>1,512,516,173</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\$276,690,710 to be issued 27,669,071 new shares, par value at NT\$10 per share, to increase capital NT\$276,690,710.

2. Currently the paid-in capital is NT\$5,533,814,230 divided into 553,381,423 shares. After issuing new shares to increase capital, the paid-in capital will be NT\$5,810,504,940 divided into 581,050,494 shares.
3. The Board will set another target day for the issuance of stock dividend in this proposal. The dividend at 50 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 part of the “Parliamentary Rules for Shareholders’ Meetings”.

Description: 1. Part of the “Parliamentary Rules for Shareholders’ Meetings” is amended for reference to the revised sample template for “XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” based on the announcement of the Taiwan Stock Exchange and for the purpose of cooperating with the company’s current practice.

2. The amendment to the “Parliamentary Rules for Shareholders’ Meetings” is shown in the next page.

Resolution:

China General Plastics Corporation

The Amendment to the “Parliamentary Rules for Shareholders’ Meetings”

After amendment	Before amendment
<p>Article 3 (Convening shareholders meetings and shareholders meeting notices)</p> <p>(omitted)</p> <p>Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, or demerger of the corporation, any matter under Article 185, paragraph 1 of the Company Act, <u>Articles 26-1 and 43-6 of the Securities Exchange Act and Articles 56-1 and 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u> shall be itemized in the subjects to be described and the essential contents shall be explained in the notice to convene the shareholders meeting. None of the above matters may be raised by an extraordinary motion.</p> <p>(omitted)</p>	<p>Article 3 (Convening shareholders meetings and shareholders meeting notices)</p> <p>(omitted)</p> <p>Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, or demerger of the corporation, <u>or any matter under Article 185, paragraph 1 of the Company Act shall be itemized in the subjects to be described and the essential contents shall be explained in the notice to convene the shareholders meeting. None of the above matters may be raised by an extraordinary motion. <u>The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</u></u></p> <p>(omitted)</p>

<p>Article 9 (omitted) The chair shall call the meeting to order at the appointed meeting time, <u>and announce relevant information of the number of non-voting shares and the number of shares in attendance, etc.</u> However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. (omitted)</p>	<p>Article 9 (omitted) The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. (omitted)</p>
<p>Article 11 (Shareholder speech) (omitted) <u>Report Items and matters unrelated to the proposals will not be put into discussion or vote.</u> Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed <u>3</u> minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. (omitted)</p>	<p>Article 11 (Shareholder speech) (omitted) Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed <u>5</u> minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech. (omitted)</p>
<p>Article 14 (Election) The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately,</p>	<p>Article 14 (Election) The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately,</p>

<p>including the names of those elected as directors and the numbers of votes with which they were elected <u>and the names not-elected as directors and the number</u></p>	<p>including the names of those elected as directors and the numbers of votes with which they were elected. (omitted)</p>
<p><u>of votes obtained.</u> (omitted)</p>	

Matters for Ratification and Discussion:

Proposal 5

Proposed by the Board

To approve the permission of director for competitive actions.

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

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

Name of Directors	Concurrent Employers	Title
Wang, Ke-Shun (Representative of Union Polymer International Investment Corporation)	Golden Amber Enterprises Ltd. APC (BVI) Holding Co., Ltd. ACME Electronics (Kunshan) Co., Ltd. Fujian Gulei Petrochemical Co., Ltd.	Director
Han-Tai Liu (Representative of Union Polymer International Investment Corporation)	USI Education Foundation	Director

Resolution :

III. Extemporany Motions

IV. Meeting Ajournment

Appendix 1

China General Plastics Corporation

Parliamentary Rules for Shareholders' Meetings (before amendment)

Amended on May 28, 2020

Article 1

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

Article 2

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

Article 3

(Convening shareholders meetings and shareholders meeting notices)

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

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

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public. Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in

the form of new shares, dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act shall be itemized in the subjects to be described and the essential contents shall be explained in the notice to convene the shareholders meeting. None of the above matters may be raised by an extraordinary motion. The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.

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

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

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

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

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

Article 4

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

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall

prevail unless a declaration is made to cancel the previous proxy appointment.

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

Article 5

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

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

Article 6

(Preparation of documents such as the attendance book)

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

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

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

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

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

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

Article 7

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

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

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

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

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

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

Article 8

(Documentation of a shareholders meeting by audio or video)

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

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

Article 9

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

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

declare the meeting adjourned.

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

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

Article 10

(Discussion of proposals)

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

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

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

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

Article 11

(Shareholder speech)

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

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

Except with the consent of the chair, a shareholder may not speak more than twice on the same

proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

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

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

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

Article 12

(Calculation of voting shares and recusal system)

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

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

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

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

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

Article 13

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

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

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days

before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

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

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

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

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

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

Article 14

(Election)

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

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

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

Article 15

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

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

Article 16

(Public disclosure)

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

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

Article 17

(Maintaining order at the meeting place)

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

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

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

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

to escort the shareholder from the meeting.

Article 18

(Recess and resumption of a shareholders meeting)

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

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

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

Article 19

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

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

Appendix 2

China General Plastics Corporation

Articles of Incorporation

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\$6,500,000,000, divided into 650,000,000 common shares, at a par value of NT\$10 per share, and may be issued in installments.
- Article 6: When issuing shares, this Company may be exempted from printing the stocks for such shares, provided that registration to and retention by a centralized securities depository enterprise shall be made. Printed stocks shall be registered stocks signed or stamped by the directors representing the Company. Such stocks shall be numbered and certified by the law prior to issuance.
- Article 7: (Deleted)
- 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 securities 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 laws and orders, 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. 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 shareholders. 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 otherwise provided for in 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", which announced by securities authority, 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 for in the Company Act, a shareholders' meeting shall be convened by the Board of Directors, and chaired by the Company's Chairman of Board. Where the Chairman is absent, he/she is represented by the vice chairman. Where the vice chairman is also 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: A candidates nomination system shall be adopted by the Company for election of

independent directors and non-independent directors. The Company shall have 9~11 directors who shall be elected by the shareholders' meeting from among the name list of candidates. The 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. Electing from among the directors as the vice chairman is allowed in the above way. 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.

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, "Articles of Incorporation" and by a shareholders' meeting.

Article 26: Directors' meetings which convened by the Chairman, are 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.

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 laws or "Articles of Incorporation", 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 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, compensation for employees may also be distributed to employees of companies controlled by or affiliated to this Company. The specific requirements shall be defined by the Board of Directors.

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

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

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) 48th amendments hereto were made on June 22, 2018, 49th amendments hereto were made on June 21, 2019.

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

Appendix 3

China General Plastics Corporation

Stake of Directors

Title	Name	Stake
Chairperson	Yi-Gui Wu (Representative of Union Polymer International Investment Corporation)	138,170,701
Vice Chairman	Han-Fu Lin (Representative of Union Polymer International Investment Corporation)	
Director	Ke-Shun Wang (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)	
Director	Hung-To Wu (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		138,170,701
Stake by Law of Directors		17,708,205

Note: 1. The said stake is the number of shares registered in the List of Shareholders dated by the book due date (March 30) of the 2021 AGM.

2. The total issued shares of CGPC are 553,381,423 shares.

Appendix 4

The Impact of Stock Dividend Issuance on Business

Performance, EPS, and ROE: No estimates should be disclosed as no financial forecast was made for 2021.

Item	Year	2021 (Estimates)
Beginning paid-in capital		NT\$5,533,814,230
Stock dividend of the year (Note 1)	Cash dividend per share	NT\$1.8
	Stock dividend per share for capitalization with earnings.	0.05 share
	Stock dividend per share for capitalization with capital reserve.	0 share
Impact on business performance	Operating income	N/A (Note 2)
	Rate of increase (decrease) of operating income YOY	
	Net profit after tax	
	Rate of increase (decrease) of net profit after tax YOY	
	EPS	
	Rate of increase (decrease) of EPS YOY	
	Average ROI (reciprocal of average price-earnings ratio (PER))	
Proposed EPS and PER	If issuing dividends in cash for capitalization with earnings	Proposed EPS
		Proposed annual average ROI
	If no capitalization with legal reserve	Proposed EPS
		Proposed annual average ROI
	If issuing dividends in cash for capitalization with earnings without capitalization with legal reserve	Proposed EPS
		Proposed annual average ROI

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

Note 2: 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 5

Description of shareholders proposals:

1. Referring to Article 172-1 of the Company Act: “Shareholder(s) holding one per cent (1%) or more of the total number of outstanding shares of a company may make a proposal for discussion at a general meeting of shareholders, provided that only one matter shall be allowed in each single proposal of not more than 300 words.”
2. The acceptance period of proposals from shareholders for the 2021 AGM is from March 21, 2021 to March 31, 2021. Such information was disclosed on the Market Observation Post System by law on March 11, 2021.
3. No proposal from shareholder was received during the said period.