

Stock Code: 1305

China General Plastics Corporation

Annual Report of 2022

Website of the Annual Report

CGPC website: <https://www.cgpc.com.tw>

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Date of Publication: March 31, 2023

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**V. Name of the exchange where the overseas marketable securities are listed for trading and how to inquire about the overseas marketable securities:**  
None.

**VI. Company Website:** <https://www.cgpc.com.tw>



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# I. Letter to Shareholders

Dear Shareholders,

Thank you for your support to our company over the years. The business report is provided here for your reference.

## 1. Business Report of 2022

The Company's consolidated net revenue in 2022 was NT\$17,637 million, a budget achievement rate of 80% and a decrease of NT\$2,585 million from the same period of the previous year. The consolidated net operating income was NT\$984 billion, a budget achievement rate of -50% and a decrease of NT\$431 million from the same period of the previous year. The consolidated net loss after tax was NT\$338 million, a budget achievement rate of -21% and a decrease of NT\$2,969 million from the same period of the previous year. The consolidated net loss after tax attributable to the owners of the Company was NT\$370 million, a decrease of NT\$2,839 million from the same period of the previous year.

In terms of raw materials:

**Ethylene:** The new production capacity of ethylene in the past two years is close to 10 million tons, but the outbreak of the Russia-Ukraine war pushed up energy prices, affecting ethylene production. The worsening global inflation led to suppressed demand for petrochemical raw materials, the price at the end of the year in Northeast Asia fluctuated at about CFR \$900 / mt.

**EDC:** In the first half of the year, EDC exports declined year-on-year due to tight supply and strong domestic demand for PVC, while prices remained high. Alkali prices rose in the second half of the year and the operating rates of US and Asian chlor-alkali plants remained high, but global PVC demand was low and EDC oversupply led to a significant price easing.

**Product:** VCM and PVC rebounded briefly to annual highs under the impact of the Russia-Ukraine war and Asian producers' accidents, then were affected by global interest rate hikes and China's policy of maintaining a clearing process. Mainland China's PVC domestic demand shrunk, the average monthly export volume of PVC in the first half of the year exceeded 200,000 tons to a record high. In the second half of the year, U.S. mortgage rates rose, PVC domestic demand decreased month by

month, and excess inventory shifted to overseas markets, causing VCM and PVC markets to continue to weaken and seriously erode product spreads. The annual production of VCM was 417,000 metric tons. After supplying VCM for our own production of PVC resin, we exported 32,000 metric tons of VCM, which was an increase of 24% and 0.3% from 2021 and the budget, respectively. The annual production of PVC resin was 390,000 metric tons. After supplying PVC for our own production of downstream processed products, we exported 350,000 metric tons of PVC, with decreases of 2% and 10% from 2021 and the budget, respectively. Annual production of Chlor-alkali products was 66,000 metric tons (at concentration of 100%). The prices of caustic soda and hydrochloric acid remained high due to the tight supply as a result of rising global energy prices. The sales reached 60,000 metric tons, with decreases of 0.3% from 2021 and the budget, respectively.. For processed products, the annual production of construction products was 20,000 metric tons, and the sales was 20,000 metric tons, with an increase of 1% and a decrease of 5% compared to 2021 and the budget, respectively, due to the rise of utility opportunities such as solar energy and offshore wind power facilities. The annual production of PVC film /sheet products was 24,000 metric tons. Affected by the contraction of the end-consumer market and the suspension of trading by Russian customers at one point, we sold 23,000 metric tons, which was a decrease of 22% and 24% from 2021 and the budget, respectively. The annual production of leather products was 4.79 million yards. Due to the high inflation in North America, the non-essential demand was pushed, and customers tended to adopt a conservative strategy in placing orders. The sales was 5.1 million yards, 39% lower than that in 2021 and budget.

## 2. Outline of 2023 Business Plan

In terms of raw materials:

Ethylene: China released the epidemic prevention restrictions and continued to increase support for economic recovery and real estate industry, which was expected to boost the demand for ethylene and petrochemical products. However, new production capacity in Asia is expected to be nearly 8.5 million tons. In addition, the U.S. ethylene export capacity





will be increased again, and it is expected that future ethylene prices will be affected by the changes in operating rates.

EDC: Alkali prices are facing a correction and are profitable, but high energy costs and the cooling US housing market may affect upstream and downstream demands. The extreme cold has passed, and EDC supply is expected to gradually become normal, but there are still variables in price fluctuations.

Products: Global inflation is reaching its top, the impact of geopolitical conflicts is fading and the positive attitude to the demand after the COVID-19 measures were released in mainland China, the PVC market has been improving since December last year. It is expected that the housing restrictions in mainland China will be further released to ensure corporate financing and accelerate rural construction. The weakening of U.S. dollars is also conducive to the expansion of infrastructure and energy industry investments in emerging markets, and the PVC market is expected to be better than last year.

Despite the negative influence from the external environment, the Company still upholds the principle of long-term development in depth to maintain operation stability and promote the upgrade of facilities. The new ethylene/EDC/VCM storage tanks and automatic warehousing system will help improve the stability and flexibility of production and sales of the Company. The Company has a long-standing interest in corporate sustainability and the global trend towards net zero carbon emissions. In response to the European Carbon Border Adjustment Mechanism (CBAM), the U.S. Clean Competition Act (CCA) and other measures announced one after another, we have set a carbon reduction target of 27% by 2030 and planned a carbon reduction path to actively respond to the government's 2050 net-zero transformation policy and promote energy-saving improvements in cooling water tower fans, gas boilers and chillers. This year, we plan to build more solar power systems, and gradually complete the inventory of greenhouse gases (ISO 14064-1) and the carbon footprint of products (ISO 14067) in Scope three. By expanding the AI-enabled organization to deepen the cooperation between the Company, schools, and research institutes, and replicating the existing experience in process optimization and industrial safety pre-warning, we will continue to move toward the goal of factory-wide intelligence. We expect to strengthen the resilience of the company, continuously reduce costs, and complete energy saving and carbon reduction plans while

developing talents and creating economic benefits, so that the Company can operate in a sustainable way.

The operating team of the Company will take overall planning of the vinyl industry chain to get the largest profit space, and make good use of vertical integration mechanism and effective management, implement the improvement and fulfillment of corporate social responsibility associated with work safety environmental protection, and build and expand niche in creating maximize operational performance to achieve the target of sale of 520,000 metric tons during the whole year.

Chairman Wu, Yi-Gui

General Manager Lin, Han-Fu



## **II. Company Profile**

### **1. Date of Establishment: April 29, 1964**

### **2. Company History**

The Company was founded in February 1964. The headquarters were established in Taipei City and a plant was built in Tianliao Village in Toufen City, Miaoli County to produce polyvinyl chloride (PVC resin) and derived products such as hard tubes, PVC pipe, film/sheet, leather, etc.

In May 1968, Panama Gulf Oil Company invested in the Company and introduced new production technologies and management systems.

In January 1970, the Ministry of Economic Affairs united six public and private companies including the Company, CPC, CPDC, Formosa Plastics, Cathay, and Yeefong to jointly found Taiwan VCM Corporation which began producing vinyl chloride monomer (VCM) at its plants in Kaohsiung and Toufen to supply materials necessary for the domestic production of PVC resin and processing industries.

In March 1973, the Company's stock is listed on the Taiwan Stock Exchange Market.

In May 1982, Panama Gulf Oil Company, due to changes in its business strategy, transferred its shares to the Panamanian Company Asia Private Investment Company.

In November 1986, the Australian Company, BTR Nylex Limited acquired 31% of the Company's shares and transferred all shares to its wholly-owned subsidiary Company, BTRN Asia in December.

In June 1988, the Company established CGPC America Corporation in the United States to strengthen business development in the Americas and promote products across the world.

The Company passed the ISO 9002 International Quality Assurance certification in 1994 to effectively increase the quality of products.

In March 1997, BTRN Asia transferred 31% of its shares in the Company to the Bermuda Merchant Figuay Ltd., an overseas holding

Company with joint investment from USI Corporation and UPC Technology Corporation. In June 1998, the Bermuda Merchant Figuay Ltd. transferred its shares (31% of total shares) to Taiwan Union International Investment Co., Ltd. which received 4.65% of shares and Union Polymer Int'l Investment Corp. which received 26.35%.

In April 1997, the Company established CGPC (BVI) Holding Co., Ltd. in the British Virgin Islands for foreign investments.

In June 1997, the Investment Commission of the Ministry of Economic Affairs approved the Company's establishment of Continental General Plastics (ZhongShan) Co., Ltd. in Zhongshan City, Guangdong Province, China through a third region. The Board of Directors passed resolution for dissolution of the Company on October 24, 2011. The dissolution procedures have not been completed as of the publication date of the Annual Report in 2023.

In June 1998, the Company passed the ISO 14001 Environmental Management System certification to improve the quality of environmental protection and waste reduction.

In September 2006, the Investment Commission of the Ministry of Economic Affairs approved the Company's establishment of CGPC Consumer Products Corporation in Zhongshan, China through a third region. The Board of Directors passed resolution for dissolution of the Company on October 24, 2011. The dissolution procedures have not been completed as of the publication date of the Annual Report in 2022.

In May 2009, the Company established CGPC Polymer Corporation as a 100%-owned subsidiary, and built the PVC resin plant in the Linyuan Petrochemicals Area in Kaohsiung City. Official operations started in February 2012. PVC resin annual production capacity was increased from 180,000 tons to 350,000 tons.

In November 2015, VCM annual production capacity increased from 420,000 tons to 450,000 tons; PVC resin annual production capacity increased from 350,000 tons to 400,000 tons.



In February 2018, PVC film/sheet new production line began its operation and the annual production capacity was raised to 72,000 tons from 68,000 tons.

In August 2018, PVC resin annual production capacity was raised to 410,000 tons from 400,000 tons.

In June 2019, VCM annual production capacity was raised to 485,000 tons from 450,000 tons.

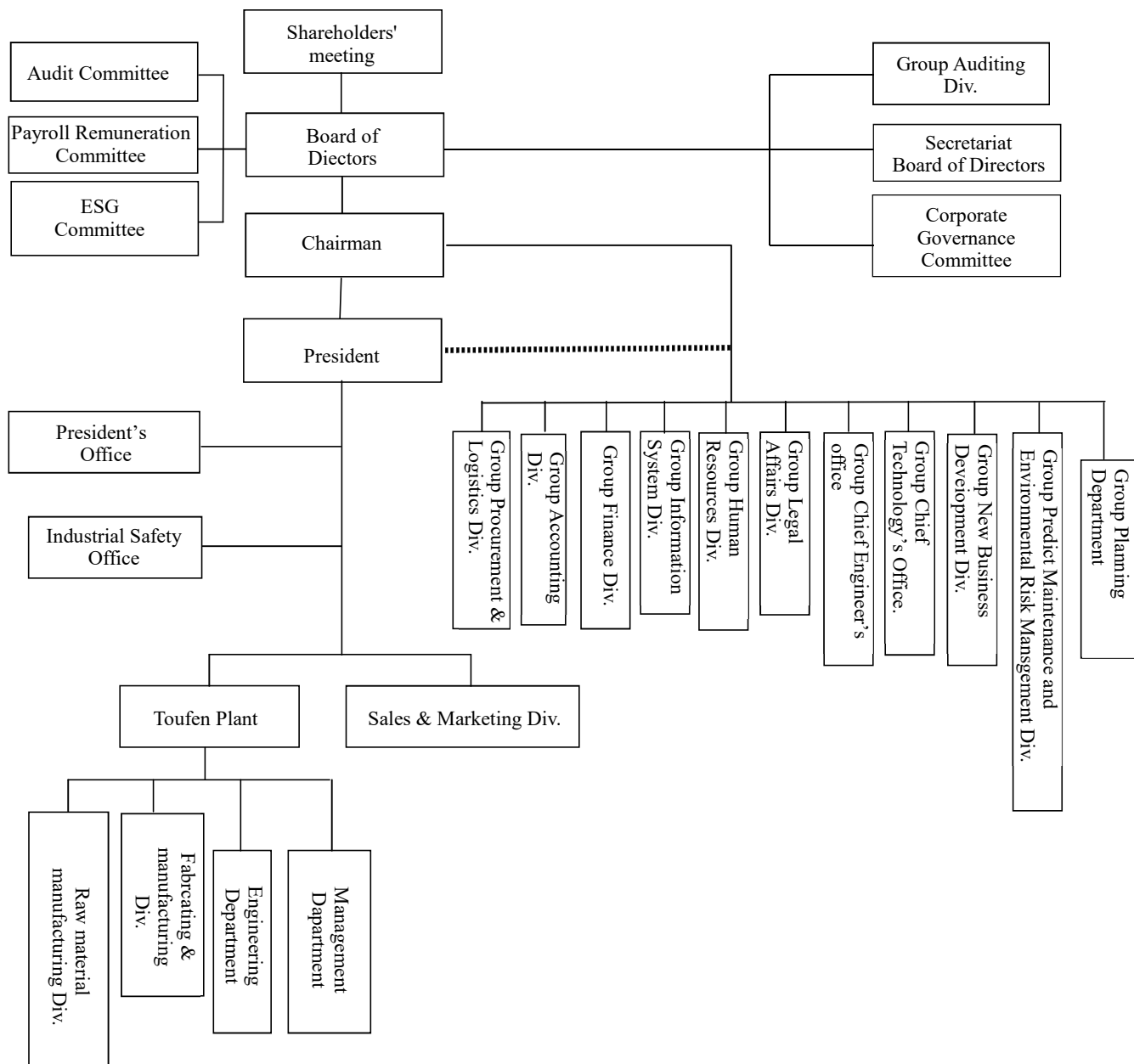
In September 2019, PVC resin annual production capacity was raised to 430,000 tons from 410,000 tons.

In January 2020, PVC resin annual production capacity was raised to 450,000 tons from 430,000 tons.

# III. Corporate Governance Report

## 1. Organization System

### (I) Organization System Chart as of March 31, 2023





## (II) Responsibilities and Functions of Major Divisions

Department	Main Responsibilities and Functions
President	Management of the Company's operations.
President's Office	<ol style="list-style-type: none"> <li>1. Assist the General Manager in Implementing Its business strategies and management policies.</li> <li>2. The Office is responsible for the integration of the Company's regulations, systems, window systems, and procedures to ensure the effective operations of the management system. It establishes the cost of all products of the Company, the performance evaluation system, operations and management control system, and integration of the enterprise resource planning (ERP) system to ensure the prompt and effective operations of accounting system, production and business operations management.</li> <li>3. The Office is responsible for the promotion of the quality management system, procedures planning, and continuous improvement activities of the entire Company and effective management of all related documents.</li> </ol>
Industrial Safety Office	The Office establishes safety, health and environmental protection systems, assists units in implementing such systems and controlling hazardous risks, and to ensure the safety, health, and environmental protection measures for personnel, properties, and the community.
Raw material manufacturing Division	The Division supervises all its units in achieving production targets for products (hydrochloric acid, sodium hydroxide, bleach, PVC resin, and PVC compounds) with economic and effective management strategies in accordance with the Company's annual plans to satisfy customer demands and create reasonable profits for the Company.
Fabricating & manufacturing Division	The Division supervises all its units in achieving production targets for products (PVC construction, PVC film/sheet, and leather) with effective use of existing resources and economic and effective management strategies in accordance with the Company's operations policies to satisfy customer demands and create reasonable profits for the Company.
Group procurement & logistics Division	The Division plans and executes marketing strategies for various products of the Company in accordance with the Company's business objectives to meet customers' needs and maximize profits for the Company.
Engineering Department	The Department is responsible for plans and evaluation of overseas investment and equipment improvement projects and it is also responsible for capital expenditures for construction and improvement projects.
Management Department	Establish and improve the Company's human resources system to implement talent recruitment, cultivation, use, and development as well as promoting employee relations so that tasks can be completed by the right employees and employees can perform their talents to increase work efficiency and accomplish the Company's goals. The Department is also responsible for the food, clothing, accommodations, transportation, and other general services for each unit. It performs security protection tasks to ensure the safety of the plants. It performs procurement and management of raw materials and it is responsible for the warehouse management, shipping, and transportation of finished products.
Payroll Remuneration Committee	<ol style="list-style-type: none"> <li>1. The Committee evaluates the remuneration policy and system of the Directors and managers objectively and make suggestions to the Board of Directors accordingly for policy-making reference.</li> <li>2. The Committee adopts a comprehensive remuneration management system to encourage managerial officers to perform their duties for business operations, improve management performance, core competitiveness, and short, mid, and long-term profitability and create value for shareholders.</li> </ol>

Department	Main Responsibilities and Functions
Audit Committee	<ol style="list-style-type: none"> <li>1.Establishment, amendment, and evaluation of the effectiveness of internal control systems.</li> <li>2.Stipulate or amend procedures for acquiring or disposing of assets, derivatives trading, provision of capital loans to other parties, the provision of endorsements or guarantees to other parties, and other major financial activities.</li> <li>3.Major assets or derivative trading.</li> <li>4.Major loaning of funds, making of endorsements or guarantees.</li> <li>5.Appointment, dismissal, and compensation of CPAs.</li> <li>6.Review the annual financial reports.</li> <li>7.Other important items required by other companies or the competent authority</li> </ol>
ESG Committee	<ol style="list-style-type: none"> <li>1.Determine the sustainable development policy.</li> <li>2.Supervising sustainable development strategies, the implementation of the annual plan and project plans, and evaluating the implementation.</li> <li>3.Reviewing and approving the sustainable development report.</li> <li>4.Reporting the implementation of sustainable development activities to the Board of Directors each year.</li> </ol>
Secretariat Board of Directors	<ol style="list-style-type: none"> <li>1.Plan and handle matters related to Board of Directors' meetings</li> <li>2.Handle matters related to Shareholders' meetings such as convening Shareholders' meetings, dealing with various announcements and reporting associated with Shareholders' meetings, preparing agenda handbooks, and keeping information regarding shareholders present at Shareholders' meetings in accordance with the law.</li> <li>3.Assist in promoting and handling decrees issued by the competent authority.</li> </ol>
Group Auditing Division	<ol style="list-style-type: none"> <li>1.Implement internal audit and improve workflows in the Company.</li> <li>2.Evaluate the soundness and reasonableness of the Company's internal control systems, as well as the effectiveness of their implementations at all departments and divisions.</li> </ol>
Group Planning Department	<ol style="list-style-type: none"> <li>1.Develop and propose product trees, according to markets for current products and products to be invested in the future, as well as the technical strengths and weaknesses of such products, for future planning and development.</li> <li>2.Analyze and follow macroeconomic conditions.</li> <li>3.Follow and analyze upstream industries and future competitors.</li> <li>4.Project coordination and follow up.</li> </ol>
Group Procurement & Logistics Division	<ol style="list-style-type: none"> <li>1.Purchase and audit major capital expenditures including bulk raw materials, machinery and equipment.</li> <li>2.Plan the supervision and execution of trading and transportation, warehousing, and customs-related operations</li> </ol>
Group Accounting Division	<ol style="list-style-type: none"> <li>1.Preparation and analysis of financial statements and budgets to be used by decision-making units for the management and formulation of strategies.</li> <li>2.Establishment, evaluation, and implementation of accounting systems</li> <li>3.Planning and reporting of various taxes.</li> <li>4.Regular announcement or reporting of financial performance.</li> </ol>
Group Finance Division	<ol style="list-style-type: none"> <li>1.Fund management, and planning and scheduling of fundraising activities.</li> <li>2.Fundraising planning and financial management and investments.</li> <li>3.Property insurance and filing claims.</li> <li>4.Monitor customer credit and risks.</li> <li>5.Shareholder matters and regulatory compliance.</li> <li>6.Planning and execution of financial projects.</li> </ol>





Department	Main Responsibilities and Functions
Group Information System Division	Plan, build, develop, and manage various information systems and facilities at the Company.
Group Human Resources Division	<ol style="list-style-type: none"> <li>1. Plan human resources strategies and systems.</li> <li>2. Plan training and organizational development strategies.</li> <li>3. Plan and handle salary and benefits.</li> <li>4. Provide employee services and handle general affairs.</li> <li>5. Assist overseas branches in organizational planning and personnel dispatch and training.</li> </ol>
Group Legal Affairs Division	<ol style="list-style-type: none"> <li>1. Review contracts and legal documents.</li> <li>2. Handle legal cases.</li> <li>3. Research legal issues of projects.</li> <li>4. Provide legal advice.</li> <li>5. Other relevant legal matters.</li> </ol>
Group Chief Engineer's office	<ol style="list-style-type: none"> <li>1. Assist and participate in the construction of new plants, or deal with such constructions entirely.</li> <li>2. Assist and participate in the improvement of equipment and local manufacturing processes in operation, or deal with such cases entirely.</li> <li>3. Integration of engineering personnel and engineering specifications.</li> </ol>
Group Chief Technology's Office.	Responsible for integrating product R&D and innovation at each affiliated company.
Group New Business Development Division	<ol style="list-style-type: none"> <li>1. Assist in formulating marketing strategies for new businesses, and establish appropriate business models.</li> <li>2. Responsible for developing new products or acquiring new customers to increase revenue.</li> <li>3. Integrate company resources and generate synergy so as to enhance the successful development of new businesses.</li> </ol>
Group Predict Maintenance and Environmental Risk Management Division	<ol style="list-style-type: none"> <li>1. Assist the plants in establishing preventive maintenance systems.</li> <li>2. Improvement and enhancement of existing equipment.</li> <li>3. Equipment fault management and prevention.</li> <li>4. Regular/periodic audits, coaching, and training.</li> <li>5. Environment risk management planning and technical supervision.</li> <li>6. Plan and promote compliance with laws related to energy conservation and carbon reduction and establish related systems.</li> </ol>
Corporate Governance Committee	<ol style="list-style-type: none"> <li>1. Assist Directors in performing their duties, provide the necessary information, arrange continuing education for Directors, and process liability insurance policies.</li> <li>2. Organize matters related to the proceedings of Board of Directors' meetings and shareholders' meetings and confirm compliance matters of resolutions.</li> <li>3. Maintain relations with investors: The Company's website is updated from time to time to keep investors abreast of the Company's financial, business, and corporate governance information in order to protect shareholders' rights and interests.</li> </ol>

## 2. Information of Directors, Supervisors, General Managers, Deputy General Managers, Senior Managers, and Heads of Departments and Branches

### (I) Members of the Board (1)

March 28, 2023 Unit: Shares

Job Title (Note 1)	Nationality or Place of Registration	Name	Gender Age (Note 2)	Date of Election (Appointment)	Term	Date First Elected (Note 3)	Shares Held when Elected		Shares Currently Held		Shares Held by Spouse and Minors		Shares Held in the Name of Other Persons		Education and Work Experiences (Note 4)	Titles Also Held in the Company and Other Companies	Managerial Officers, Directors or Supervisors Who Are Spouses or Relatives within the Second Degree of Kinship			Remark
							shares	Shares holding %	shares	Shares holding %	shares	Shares holding %	shares	Shares holding %			Title	Name	Relationship	
Director and Chief Executive Officer	Taiwan (R.O.C.)	Union Polymer International Investment Corporation Representative: Wu, Yi-Gui	Male 71 to 75 years old	2022.5.30	3 years	2001.6.12	145,079,236	24.97%	145,079,236	24.97%	—	—	—	—	Chairman, USI	(Note 7)	None		Note	
						1997.2.27	—	—	—	—	—	—	—							
Vice Chairperson and General Manager	Taiwan (R.O.C.)	Union Polymer International Investment Corporation Representative: Lin, Han-Fu	Male 76 to 80 years old	2022.5.30	3 years	2001.6.12	145,079,236	24.97%	145,079,236	24.97%	—	—	—	—	Graduated from Dept. of Chemical Engineering of Chung Yuan Christian University. Chairman of Taiwan VCM Corporation; Deputy Manager of the Plastics Division of Formosa Plastics; Manager and Consultant of the Polypropylene Division of Formosa Plastics	(Note 8)	None			
						2010.6.18	—	—	—	—	145,077	0.02%	—							

Director	Taiwan (R.O.C.)	Asia Polymer Corporation Representative: Wu, Pei-Ji	Male 56 to 60 years old	2022.9.23	2 years and 8 months	2022.5.30	46,886,185	8.07%	46,886,185	8.07%	—	—	—	—	General Manager of the Asia Pacific Thermoset Business Unit and Director of Basic Plastics Sales of Greater China Region of Dow Chemical, and Sales Engineer, ESSO Taiwan Branch	(Note 9)	None	
						2022.9.23	—	—	—	—	—	—	—	—				
Director	Taiwan (R.O.C.)	Asia Polymer Corporation Representative: Wang, Ke-Shun (Note 6)	Male 56 to 60 years old	2022.5.30	—	2022.5.30	46,886,185	8.07%	46,886,185	8.07%	—	—	—	—	Master of Business Administration, Andrews University, Michigan (U.S.A.); Bachelor of Chemistry, National Tsing Hua University (Taiwan); and General Manager, China Petrochemical Development Corporation	None	None	
						2019.6.21	—	—	—	—	—	—	—	—				
Director	Taiwan (R.O.C.)	Asia Polymer Corporation Representative: Liu, Han-Tai	Male 71 to 75 years old	2022.5.30	3 years	2022.5.30	46,886,185	8.07%	46,886,185	8.07%	—	—	—	—	PhD in Chemical Engineering, Pennsylvania State University (U.S.A.)	(Note 10)	None	
						2010.6.18	—	—	—	—	—	—	—	—				
Director	Taiwan (R.O.C.)	USI Investment Co., Ltd. Representative: Wu, Hung-To	Male 36 to 40 years old	2022.5.30	3 years	2022.5.30	550,722	0.09%	550,722	0.09%	—	—	—	—	Graduated from the International Technological University (U.S.A.) and Maine Central Institute (U.S.A.). President and Chief Executive Officer of Yiding Co., Ltd. and Er-Er Technology Co., Ltd.	(Note 1)	None	
						2019.6.21	—	—	—	—	—	—	—	—				
Independent Director	Taiwan (R.O.C.)	Li, Zu-De	Male 71 to 75 years old	2022.5.30	3 years	2016.6.13	—	—	—	—	—	—	—	—	Bachelor, School of Dentistry Bachelor's degree, Taipei Medical University; experience provided in (Note 12)	(Note 13)	None	

Independent Director	Taiwan (R.O.C.)	Zheng, Ying-Bin	Male 61 to 65 years old	2022.5.30	3 years	2016.6.13	—	—	—	—	—	—	—	—	—	MBA, National Taiwan University. Chairman of Long Chen Paper Co., Ltd.	(Note 14)	None	
Independent Director	Taiwan (R.O.C.)	Li, Liang-Xian	Male 76 to 80 years old	2022.5.30	3 years	2016.6.13	—	—	—	—	—	—	—	—	—	Department of Chemistry, Fu Jen Catholic University; experience provided in (Note 15)	None	None	
Independent Director	Taiwan (R.O.C.)	Hsu, Chen-I	Male 56 to 60 years old	2022.5.30	3 years	2022.5.30	—	—	—	—	—	—	—	—	—	Master of Business Administration, Swiss Business School; experience provided in (Note 16)	(Note 17)	None	

Notes 1: In the case of institutional shareholders, their names and representatives should be stated (for representatives, the names of institutional shareholders they represent should be indicated respectively) and filled in Table 1.

Notes 2: Please indicate the actual age and express it in a range, for example 41 to 50 years old or 51 to 60 years old.

Notes 3: Any disruption of duty as a director or supervisor after the date he/she is elected shall be included in a separate note.

Notes 4: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, shall be disclosed along with job titles and responsibilities.

Notes 5: Where the Chairman, General Manager, or individual with equivalent roles (top manager) are the same individual, spouses, or relatives within the first degree of kinship, the Company shall specify related information regarding the reason, reasonableness, necessity, and response measures (e.g., appointment of additional Independent Directors and requiring the appointment of more than half of the Directors from individuals who are not employees or managers): The Company appoints the same person to serve as the Chairman and CEO of the Company due to overall business operations. We rely on the Chairman's insight for business operations to manage business decisions and improve operational efficiency.

More than half of the members of the Company's current Board of Directors do not serve concurrently as employees or managerial officers. The Company also appoints a major CPA firm to perform audits and established the Audit Committee, Remuneration Committee, and Corporate Sustainability Committee to strengthen corporate governance and continues to implement rigorous internal control mechanisms to reduce operational risks.

Notes 6: The corporate shareholder, Asia Polymer Corporation, reassigned Mr. Wu, Pei-Ji as its representative on September 23, 2022, to replace the previous representative, Mr. Wang, Ke-Shun, as a director. Mr. Wang, Ke-Shun's information is disclosed until the date of reassignment.

Notes 7: Chairman: USI, APC, TTC, Acme Electronics Corporation, United Polymers Corporation, USI Optronics Corporation, Swanson Plastics Corporation, Swanson Advancement, Chong Loong Trading Co., Ltd., USI Investment Co., Ltd., CGPC Polymer Corporation, Asia Polymer Investment Corporation, Taiwan United Venture Capital Corporation, USI Management Consulting Corporation, Taiwan United Venture Management Corporation, Acme (Cayman), USI Education Foundation, and Fujian Gulei Petrochemical

Director: Taiwan VCM Corporation, USI (Hong Kong), Swanlake, USI International, Acme Components (Malaysia), Forever Young, Swanson (Singapore), Swanson (Malaysia), Swanson International, Swanson (India), Swanson Plastics Corporation (Kunshan), Golden Amber Enterprises, Acme

Electronics Corporation (Kunshan), Acme Electronics Corporation (Guangzhou), Taita (BVI), APC (BVI), CGPC (BVI), CGPC America, AS Holdings (UK), ASK-Swanson, Acme Ferrite, Swanson Plastics Corporation (Tianjin), Ever Conquest Global, Ever Victory Global, Dynamic Ever Investments, CIS (Shanghai), PT. Swanson Plastics Indonesia, USI Green Energy, Zhangzhou USI, Yutao Investment, Dasheng Ventures, Dasheng Yiyi Ventures, and CTCI Group

General Manager: United Polymers Corporation, USI Management Consulting Corporation, Dynamic Ever Investments Ltd. and Ever Victory Global Ltd.

Chief Executive Officer: USI, APC, CGPC, TTC, Acme Electronics Corporation and USI Optronics Corporation

Executive Director: Chinese National Federation of Industries

Notes 8: Chairman: CGPC Consumer Products Corporation, Continental General Plastics (Zhongshan) Co., Ltd. and Taiwan VCM Corporation

Director: CGPC (BVI), CGPC America, CGPC Polymer Corporation, CGTD, China General Terminal and Distribution Corporation, and Global Green Technology Corporation, and USI Education Foundation

General Manager: CGPC, Taiwan VCM Corporation, CGPC Polymer Corporation, CGPC Consumer Products Corporation, and Continental General Plastics (ZhongShan) Co., Ltd.

Notes 9: Chairman: USI Green Energy, Taita Chemical Company Limited (ZhongShan), Taita Chemical Company Limited (Tianjin), CGPCPOL (Shanghai), Zhangzhou Taita, CIS (Shanghai), and Zhangzhou USI

Director: Dynamic Ever Investments Ltd., Ever Victory Global Limited, Ever Conquest Global Limited, Taita (BVI) Holding Co., Ltd., APC (BVI) Holding Co., Ltd., USI International Corporation, Golden Amber Enterprises Ltd., Swanlake Traders Ltd., USI, Taita, APC, CGTD, USI Investment, APC Investment, Chong Loong, Swanson Plastics Corporation, Swanson Advancement, Jusen, USI Education Foundation, Taiwan United Venture Capital Corporation, United Polymers Corporation, USI Management Consulting Corporation, Acme Electronics Corporation (Kunshan), Fujian Gulei Petrochemical, USI Optronics Corporation, and USI (Hong Kong)

General Manager: USI, Taita, APC, Chong Loong Trading Co., Ltd., CGPCPOL (Shanghai), and CIS (Shanghai)

Notes 10: Director: Ever Victory Global Ltd., Dynamic Ever Investments Ltd., Ever Conquest Global Limited, Swanson (Malaysia), Continental General Plastics (Zhongshan) Co., Ltd., TVCM, CGTD, Swanson Plastics Corporation, Swanson Advancement, Jusen, Taiwan United Venture Capital Corporation, USI Green Energy, Zhangzhou USI, ASK-Swanson, Swanson Plastics Corporation (Tianjin), Acme Electronics Corporation (Kunshan)

Supervisor: Fujian Gulei Petrochemical

Deputy General Manager: USI Corporation

Notes 11: Chairman: Yiding Co., Ltd. and Er-Er Technology Co., Ltd.

Notes 12: Chairman: Taipei Medical University, Beijing Starbucks Coffee Co. Ltd., Shandong Kexing Bioproducts Co., Ltd.

Director: Beijing Yansha Department Store

Independent Director: Hsu Fu Chi International Limited (Singapore)

General Manager: H&Q Asia Pacific (China) and Hong Kong China Dynamic Growth Fund Management

Notes 13: Member of the ITRI Performance Target Setting Team

Vice Chairman: Diamond Capital

Director: Taipei Medical University, Diamond Biotechnology, Sun BioFund Inc., and Microbio (Shanghai) Co., Ltd.

Independent Director: Machvision Inc.

Notes 14: Chairman: Long Chen Paper Co., Ltd., Qianjiang Investment, Long Chen Investment, Fuchun Resort Limited

Director: Long Chen Paper (China) Holding, Jiangsu Long Chen Environmental Protection, Wuxi Long Chen Environmental Protection, Pinghu Long Chen Environmental Protection, Suzhou Long Chen Paper, Zhejiang Xiasha Long Chen, Shanghai Minhang Long Chen, Long Chen Paper Hong Kong Co., Ltd., Hubei Long Chen Renewable, Xiantao Long Chen Environmental Protection, Jingzhou Long Chen Environmental Protection, Wuhan

Long Chen Environmental Protection, Hunan Long Chen Environmental Packaging, Long Chen Paper Japan Co., Ltd., L&C Co., Ltd. (BVI), and Metis International, Inc.

Notes 15: President: Asia Region, Styron

General Manager: Chemicals and Special Chemicals Department in Greater China of Dow Chemical (U.S.A.)

Marketing Manager: Pacific Region Chemicals Department of Dow Chemical (U.S.A.)

Notes 16: Chairman: TTFB, ZHE TAI CO., LTD., TTFB Social Welfare Charity Foundation

Notes 17: Chairman: Chengshi Investment Co., Ltd.



Table 1. Major shareholders of institutional shareholders

March 28, 2023

Name of Juristic Person Shareholder (Note 1)	Major shareholders of institutional shareholders (Note 2)	Shareholding ratio
Union Polymer International Investment Corporation	USI Corporation	100%
USI Investment Co., Ltd.	USI Corporation	100%
Asia PPolymer Corporation	Union Polymer International Investment Corporation	36.08%
	Chunghwa Post Co., Ltd.	2.39%
	Tai Lien International Investment Co., Ltd.	1.99%
	JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Group's Vanguard Emerging Markets Stock Index Fund Investment Account	0.93%
	JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Total International Stock Index Fund Investment Account, a series of Vanguard Star Funds	0.90%
	China General Terminal & Distribution Corporation	0.89%
	Prudential Life Insurance Company of Taiwan Inc.	0.84%
	TransGlobe Life Insurance Inc.	0.64%
	Taiwan Life Insurance Co., Ltd.	0.57%
	Citibank (Taiwan) as custodian of Dimensional Fund Advisors' Emerging Markets Core Portfolio Investment	0.55%

Notes 1: For legal person directors and supervisors, the names of the institutional shareholders shall be disclosed.

Notes 2: Names of the major shareholders of these institutional shareholders (include top 10 major shareholders by shareholding percentage) and their shareholding percentages shall be filled in. If the major shareholder is an institution, the information shall be filled in Table 2 below.

Notes 3: Where an institutional shareholder is not organized as a company, the name of the shareholders and shareholding ratio that must be disclosed in accordance with the above shall be the name of the funder or donor (refer to the public announcements of the Judicial Yuan) and the funding or donation ratio; for donors who have passed away, note as "deceased".

Table 2. Major Shareholders of Institutional Shareholders  
with Corporations as Their Major Shareholders

March 28, 2023

Name of Corporate Shareholder (Note 1)	Major shareholders of institutional shareholders (Note 2)	Shareholding ratio
USI Corporation	Shing Lee Enterprises (Hong Kong) Limited	14.62%
	Wholegainer Company Limited's investment account under custody of Fubon Securities Co., Ltd.	9.25%
	Asia Polymer Corporation	8.53%
	Fubon Life Insurance Co., Ltd.	4.49%
	Taixing Investment Co., Ltd.	2.04%
	Lin, Hua Hsin	1.75%
	Yuexinghua Investment Co., Ltd.	1.73%
	Yu, Wen-Hsuan	1.41%
	Yu, Wen-tsung	1.41%
	Yu, Wen-Yu	1.41%
Chunghwa Post Co., Ltd.	Ministry of Communications	100.00%
Tai Lien International Investment Co., Ltd.	Liancheng Chemical Technology Co., Ltd.	100.00%
China General Terminal & Distribution Corporation	China General Plastics Corporation	33.33%
	Asia Polymer Corporation	33.33%
	Taita Chemical Company, Limited	33.33%
Prudential Life Insurance Company of Taiwan Inc.	Prudential International Life Holdings Inc.	100.00%
TransGlobe Life Insurance Inc.	Zhongweiyi Co., Ltd.	100.00%
Taiwan Life Insurance Co., Ltd.	China Trust Financial Holdings Co., Ltd.	100.00%
Chunghwa Post Co., Ltd.	Ministry of Communications	100.00%

Notes 1: If the major shareholder as shown in Table 1 is a juristic person, the name of the juristic person should be filled.

Notes 2: Please specify names of the major shareholders of the institutional shareholder (top ten shareholders) and the ratio of shareholding.

Notes 3: Where an institutional shareholder is not organized as a company, the name of the shareholders and shareholding ratio that must be disclosed in accordance with the above shall be the name of the funder or donor (refer to the public announcements of the Judicial Yuan) and the funding or donation ratio; for donors who have passed away, note as “deceased”.

Notes 4: The data of Table 1 and Table 2 were updated to the latest book closure date.





(1) Disclosure of Information on the Professional Qualifications of Directors and the Independence of Independent Directors:

Qualifications Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies in which the director also serves concurrently as an independent director
Wu, Yi-Gui	(1)Wu, Yi-Gui serves as the Chairman and Chief Executive Officer of USI and many of its affiliated companies, and has experience in the professional field of corporate operation and management and directly supervising financial managers and accounting managers. (2)Not having any of the situations set forth in Article 30 of the Company Act.	N/A	N/A
Lin, Han-Fu	(1)Lin, Han-Fu is currently the Vice Chairman and General Manager of the Company and the Chairman of Taiwan VCM Corporation, and has experience in the professional field of corporate operation and management and directly supervising financial managers and accounting managers. (2)Not having any of the situations set forth in Article 30 of the Company Act.		
Wu, Pei-Ji	(1)Wu, Pei-Ji is currently the General Manager of USI Corporation, Taita Chemical Company, Ltd. and Asia Polymer Corporation, and has experience in directly supervising financial managers and accounting managers. (2)Not having any of the situations set forth in Article 30 of the Company Act.		
Liu, Han-Tai	(1)Liu, Han-Tai obtained a PhD in Chemical Engineering from an American university, is currently the Deputy General Manager of USI, and has experience in the professional field of corporate operation and management. (2)Not having any of the situations set forth in Article 30 of the Company Act.		
Wu, Hung-To	(1)Wu, Hung-To is currently the Chairman of Yiding Co., Ltd. and Er-Er Technology Co., Ltd., and has experience in the professional field of corporate operation and management. (2)Not having any of the situations set forth in Article 30 of the Company Act.		

Qualifications Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of other public companies in which the director also serves concurrently as an independent director
Li, Zu-De	(1)Li, Zu-De used to serve as the Chairman of Taipei Medical University of USI and is currently the Vice Chairman of Diamond Biotechnology Investment Co., Ltd., and has the experience in the professional field of corporate operation and management. (2)Not having any of the situations set forth in Article 30 of the Company Act.	Not having any of the situations set forth in Article 3, Paragraph 1 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies two years before being elected or during the term of office.	1
Zheng, Ying-Bin	(1)Zheng, Ying-Bin is currently the Chairman of Long Chen Paper (China) Holding , and has experience in the professional field of corporate operation and management. (2)Not having any of the situations set forth in Article 30 of the Company Act.		0
Li, Liang-Xian	(1)Li, Liang-Xian once served as the General Manager of the Chemicals and Special Chemicals Department in Greater China of Dow Chemical (U.S.A.) and has extensive relevant experience and professional qualifications. (2)Not having any of the situations set forth in Article 30 of the Company Act.		0
Hsu, Chen-I	(1)Hsu, Chen-I is currently the Chairman of TTFB, and has experience in the professional field of corporate operation and management. (2) Not having any of the situations set forth in Article 30 of the Company Act.		0

Notes 1: Professional qualifications and experience: State the professional qualifications and experience of directors and supervisors. If they are members of the Audit Committee and have accounting or financial expertise, disclose their accounting and financial background and experience. Also state whether they have any of the situations set forth in Article 30 of the Company Act.

Notes 2: State the status of independence of Independent Directors, including but not limited to whether they, their spouses, and relatives within second degree of kinship are serving as Directors, Supervisors, or Employees of the Company or its affiliated companies; the number of shares held and shareholding percentage by the independent directors, spouses, and relatives within second degree of kinship (or held in the names of other persons); whether the independent director is a director, supervisor, or employee of a company that has a specific relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the amount of remuneration received for providing business, legal, financial, accounting, and other services to the Company or its affiliates in the last two years.

## (2) Board Diversity and Independence:

### (1) Board diversity:



According to Article 20 of the Company's Corporate Governance Best Practice Principles, diversity shall be considered in the composition of the Company's Board of Directors, and members of the Board of Directors shall possess the knowledge, skills and qualities required to perform their duties. To achieve the ideal goals of corporate governance, the Board of Directors shall possess the following abilities:

- (1.1) Operational judgment.
- (1.2) Ability to conduct accounting and financial analysis.
- (1.3) Business management ability.
- (1.4) Crisis management ability.
- (1.5) Knowledge of the industry.
- (1.6) An understanding of international markets.
- (1.7) Leadership skills.
- (1.8) Decision-making ability.

In addition to the eight competencies above, the Company has also added two professional abilities, namely legal capability and environmental protection for the diversification of the board members by taking into consideration the growing importance of global issues concerning corporate governance and environmental protection at present. At present, existing members of the Board of Directors possess the knowledge, skills, and qualities required to perform their duties, and specialize in professional areas including accounting and finance, international markets, law and environmental protection. The Company proposed the inclusion of a director with professional legal experience for its board diversity goals. The role should be filled by an individual with an attorney's license who specializes in technology laws and practices to strengthen the protection of the Company's future patent rights. The Company also plans to include a director who specializes in risk management to increase the Company's sustainability. Director members with legal, risk management, and other professional skills is the goal of diversity so that the functions of the Board of Directors can be more complete.

## (2) Board Independence:

The Independent Directors of the Company have not served more than three consecutive terms. All Board members are of R.O.C. nationality. The composition and structure of the Board is four independent directors, accounting for 44%, and two directors with employee status, accounting for 22%. The age distribution of directors includes one director under 50, two directors 51-60 years old, one director 61-70 years old, and five directors 71-80 years old. The Company's directors do not have a spouse or relative of second degree or closer to any other directors.

## (II) General Manager, Deputy General Managers, senior managers, and managers of departments or branches

March 28, 2023 Unit: Shares

Job Title (Note 1)	Nationality	Name	Gender	Date of election (appointment)	Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of Other Persons		Education and Work Experiences (Note 2)	Concurrent Positions in Other Companies	Managerial Officers who are Spouses or Within Second Degrees of Kinship			Remark
					shares	Shares holding %	shares	Shares holding %	shares	Shares holding %			Title	Name	Relationship	
Chief Executive Officer	Taiwan (R.O.C.)	Wu, Yi-Gui	Male	2009.09.01	0	0%	—	—	0	0%	Chairman, USI	(Note 4)	None			Note 3
General Manager	Taiwan (R.O.C.)	Lin, Han-Fu	Male	2013.02.27	0	0%	145,077	0.02%	0	0%	Graduated from Dept. of Chemical Engineering of Chung Yuan Christian University. Chairman of Taiwan VCM Corporation; Deputy Manager of the Plastics Division of Formosa Plastics; Manager and Consultant of the Polypropylene Division of Formosa Plastics	(Note 5)	None			
Senior Executive Vice President	Taiwan (R.O.C.)	Hu, Chi-Hong	Male	2016.08.19	0	0%	0	0%	0	0%	Department of Business Administration, Fu Jen Catholic University	(Note 6)	None			
Senior Manager	Taiwan (R.O.C.)	Chen, Wan-Ta	Male	2017.03.16	0	0%	0	0%	0	0%	Department of Chemistry, Fu Jen Catholic University	Director: CGPC Consumer Products Corporation	None			
Corporate Governance Officer	Taiwan (R.O.C.)	Chen, Yung-Chih	Male	2019.05.09	0	0%	0	0%	0	0%	PhD in Law, Ludwig Maximilian University of Munich; experience provided in (Note 7)	(Note 8)	None			
Director, Materials Manufacturing Division	Taiwan (R.O.C.)	Tsai, Pei-Hong	Male	2018.07.01	0	0%	0	0%	0	0%	Department of Chemical Engineering, Tatung University	None	None			

Job Title (Note 1)	Nationality	Name	Gender	Date of election (appointment)	Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of Other Persons		Education and Work Experiences (Note 2)	Concurrent Positions in Other Companies	Managerial Officers who are Spouses or Within Second Degrees of Kinship			Remark
					shares	Shares holding %	shares	Shares holding %	shares	Shares holding %			Title	Name	Relationship	
Director, Processing Manufacturing Division	Taiwan (R.O.C.)	Zhong, Bi-kaung	Male	2022.07.01	0	0%	0	0%	0	0%	Department of Chemical Engineering, Feng Chia University	None	None			
Director, Sales & Marketing Division	Taiwan (R.O.C.)	Chen, Wan-Yu	Male	2019.01.01	0	0%	0	0%	0	0%	Graduated from Dept. of Chemical Engineering, Tamkang University	None	None			
Manager, Accounting Department	Taiwan (R.O.C.)	Kuo, Chien-Chou	Male	1999.11.01	817	0%	0	0%	0	0%	Department of Accounting, Tunghai University	Accounting Manager: CGPC Polymer Corporation	None			
Director, Finance Department	Taiwan (R.O.C.)	Wu, Hui-Hsueh	Female	2022.03.09	0	0%	0	0%	0	0%	EMBA, National Taiwan Normal University	None	None			

- Notes 1: Information regarding General Manager, Deputy General Manager, senior managers, managerial officers of departments and branches shall be included, whereas information regarding positions equivalent to General Manager, Deputy General Manager or senior managers shall be disclosed regardless of job title.
- Notes 2: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, shall be disclosed along with job titles and responsibilities.
- Notes 3: In case that the President or his/her equivalent (top manager) is assumed concurrently by the Chairman, or his/her spouse or a relative within one degree of kinship, the reason, rationality, necessity and corresponding measures (such as increasing the number of Independent Directors, and more than half of the Directors not concurrently serving as employees or managers) should be described :  
The Company appoints the same person to serve as the Chairman and CEO of the Company due to overall business operations. We rely on the Chairman's insight for business operations to manage business decisions and improve operational efficiency.  
More than half of the members of the Company's current Board of Directors do not serve concurrently as employees or managerial officers. The Company also appoints a major CPA firm to perform audits and established the Audit Committee, Remuneration Committee, and Corporate Sustainability Committee to strengthen corporate governance and continues to implement rigorous internal control mechanisms to reduce operational risks.
- Notes 4: Note: Chairman: USI, APC, TTC, Acme Electronics Corporation, United Polymers Corporation, USI Optronics Corporation, Swanson Plastics Corporation, Swanson Advancement, Chong Loong Trading Co., Ltd., USI Investment Co., Ltd., CGPC Polymer Corporation, Asia Polymer Investment Corporation, Taiwan United Venture Capital Corporation, USI Management Consulting Corporation, Taiwan United Venture Management Corporation, Acme (Cayman), USI Education Foundation, and Fujian Gulei Petrochemical



Director: Taiwan VCM Corporation, USI (Hong Kong), Swanlake, USI International, Acme Components (Malaysia), Forever Young, Swanson (Singapore), Swanson (Malaysia), Swanson International, Swanson (India), Swanson Plastics Corporation (Kunshan), Golden Amber Enterprises, Acme Electronics Corporation (Kunshan), Acme Electronics Corporation (Guangzhou), Taita (BVI), APC (BVI), CGPC (BVI), CGPC America, AS Holdings (UK), ASK-Swanson, Acme Ferrite, Swanson Plastics Corporation (Tianjin), Ever Conquest Global, Ever Victory Global, Dynamic Ever Investments, CIS (Shanghai), PT. Swanson Plastics Indonesia, USI Green Energy, Zhangzhou USI, Yutao Investment, Dasheng Ventures, Dasheng Yiyi Ventures, and CTCI Group

General Manager: United Polymers Corporation, USI Management Consulting Corporation, Dynamic Ever Investments Ltd. and Ever Victory Global Ltd.

Chief Executive Officer: USI, APC, CGPC, TTC, Acme Electronics Corporation and USI Optronics Corporation

Executive Director: Chinese National Federation of Industries

Notes 5: Chairman: CGPC Consumer Products Corporation, Continental General Plastics (Zhongshan) Co., Ltd. and Taiwan VCM Corporation

Director: CGPC (BVI), CGPC America, CGPC Polymer Corporation, CGTD, China General Terminal and Distribution Corporation, and Global Green Technology Corporation, and USI Education Foundation

General Manager: CGPC, Taiwan VCM Corporation, CGPC Polymer Corporation, CGPC Consumer Products Corporation, and Continental General Plastics (ZhongShan) Co., Ltd.

Notes 6: Director: Taiwan VCM Corporation, CGPC Consumer Products Corporation, Continental General Plastics (Zhongshan) Co., Ltd., CGPC (BVI), CGPC America, and CGTD

General Manager: CGPC America

Notes 7: Winkler Partners Attorney and Arbitrator, Chinese Arbitration Association

Notes 8: Independent Director: Man Zai Industrial Co., Ltd.

Director: Continental General Plastics (Zhongshan) Co., Ltd., Acme Electronics Corporation (Kunshan), Acme Electronics Corporation (Guangzhou)

Supervisor: United Polymers Corporation, Zhangzhou USI, CIS (Shanghai), Chong Loong Trading Co., Ltd., Jusen, USI Green Energy, USI Optronics Corporation, Swanson Plastics Corporation, Swanson Plastics Corporation (Kunshan), Swanson Plastics Corporation (Tianjin), ASK-Swanson (Kunshan), USI Investment Co., Ltd., Asia Polymer Investment Corporation, Taiwan United Venture Capital Corporation, Taiwan United Venture Management Corporation, Delmind Inc., China General Terminal and Distribution Corporation, CGPC Consumer Products Corporation, Hongnao Technology Corporation, and Bianxinlian Technology Corporation

Corporate Governance Officer: USI, APC, Taita, and Acme Electronics Corporation

### 3. Remuneration paid to Directors, Supervisors, General Manager, and Deputy General Manager during the most recent fiscal year

- (I) If any of the following applies to a Company, the name of the Director or Supervisor involved and the remuneration paid to him/her shall be disclosed. For the remaining Directors or Supervisors, the Company may opt to either disclose information in aggregate remuneration with their names indicated in each numerical range or disclose their names and method of remuneration individually (If the latter is chosen, please fill their positions, names and remuneration amounts individually. The Company shall not need to fill the table for ranges of remuneration):
- (1) Where it was a loss after tax in the parent company only or individual financial statements in the last three years, the name and remuneration of individual "Directors and Supervisors" shall be disclosed; provided that it is net income after tax in the parent company only or individual financial statements in the most recent year, and the said net income is sufficient to make up for the accumulated losses [Note 1].
  - (2) A company with Directors whose shareholding percentages have been insufficient for three (3) or more consecutive months during the most recent fiscal year shall disclose the remuneration of individual Directors. A Company with Supervisors whose shareholding percentages have been insufficient for three (3) or more consecutive months during the most recent fiscal year shall disclose the remuneration of individual Supervisors. [Note 2]
  - (3) A company with an average ratio of shares pledged by Directors or Supervisors that exceeds 50 percent in any three (3) months during the most recent fiscal year shall disclose the remuneration paid to each individual Director or Supervisor who owns a ratio of shares pledged that exceeds 50 percent for each of these three months. [Note 3]
  - (4) If the total amount of remuneration received by all the Directors and Supervisors of a company from all the companies listed in its financial statements exceeds two (2) percent of its net income after taxes, and the amount of remuneration received by any individual Director or Supervisor exceeds NT\$15 million, the company shall disclose the amount of remuneration paid to individual Directors or Supervisors. (Description: The remuneration of Directors and Supervisors is calculated based on "Remuneration of Directors" plus "Remuneration of Supervisors" as in the Appendix without including the relevant remuneration received as concurrent employees.)
  - (5) Any result of evaluation made on corporate governance in the most recent year is in the last level, or any trading method changes, any trading or marketing stops, or any evaluation is rejected by the Corporate Governance Evaluation Committee in the most recent year as of the publication date of this Annual Report as a listed company. [Note 4]
  - (6) The average annual salary of the full-time non-supervisory employees in a TWSE or TPEx listed company is less than NT\$500,000. [Note 5]



- (II) If the circumstance in sub-item (I) or in sub-item (V) of the preceding item applies to a company listed on the TWSE or the TPEx, it shall disclose the individual remuneration paid to each of its top five management personnel (e.g., General Manager, Deputy General Managers, Chief Executive Officer, or Chief Financial Officer).

Notes 1: Examples: Suppose the 2020 Annual Report was prepared by the Shareholders' Meeting in 2019. The Company should opt for individual disclosure of remuneration information if post-tax loss was recorded in its parent company-only or individual financial statements in any year from 2017 to 2019. However, although post-tax loss was recorded in the Company's parent company-only or individual financial statements in 2017 and/or 2018, its parent company-only or individual financial statements in 2019 recorded a net income after taxes which was sufficient to cover cumulative losses; therefore, the Company may choose not to disclose individual remuneration information.

Notes 2: Examples: Suppose the 2010 Annual Report was prepared by the Shareholders' Meeting in 2009. The Company should opt for individual disclosure of remuneration information if its Directors or Supervisors were found to have insufficient shareholding percentages for three (3) or more consecutive months between January 2009 and December 2009. In another example, if the Company's Directors or Supervisors were found to have insufficient shareholding percentages in January 2009 for three (3) or more consecutive months (i.e. three consecutive months including November 2008, December 2008, and January 2009), the Company should opt for individual disclosure of remuneration information.

Notes 3: Examples: Suppose the 2010 Annual Report was prepared by the Shareholders' Meeting in 2009. If the average ratio of shares pledged by all the Directors of a Company exceeded 50 percent in three separate months within 2009 (e.g. February, May, and August 2009), the Company should disclose the amount of remuneration paid to each Director for the months when the ratio of shares pledged exceeded 50 percent, namely February, May, and August 2009. In another example, if the average ratio of shares pledged by the Supervisors of a Company exceeded 50 percent in any three months, the Company should disclose the amount of remuneration paid to each Supervisor for the months when the ratio of shares pledged exceeded 50 percent.

※ The average ratio of share pledging by all Directors per month: Share pledging by all Directors/shares held by all Directors (including retained decision-making trust shares). The average ratio of share pledging by all Supervisors per month: Share pledging by all Supervisors/shares held by all Supervisors (including retained decision-making trust shares).

Notes 4: Examples: Suppose the 2022 Annual Report was prepared by the Shareholders' Meeting in 2021 and the results of the corporate governance evaluation are published by April each year. If the corporate governance evaluation results of the most recent year (e.g., 2021) have not yet been published by the publication date of the annual report of TWSE/TPEx listed companies, the Company may use the most recent corporate governance evaluation results (e.g., 2020). Once the corporate governance evaluation results of the most recent year have been published, if any result is in the last level and the remuneration was disclosed in aggregate form with names indicated in each numerical range, the Company should revise the annual report immediately and upload it to the Market Observation Post System to ensure the integrity of information disclosure.

Notes 5: Examples: Suppose the 2022 Annual Report was prepared by the Shareholders' Meeting in 2021. If a TWSE/TPEx listed company prepares the annual report after the end of the most recent year (e.g. 2021), the Company should be able to complete the collection of information on the average annual salary of full-time non-supervisory employees. Thus, the Company should assess whether the average is less than NT\$500,000 for the most recent year (2021) and disclose the remuneration paid to the Directors and Supervisors individually.



(1) Distribution of the remuneration of Directors, Supervisors, General Manager, and Deputy General Managers and remuneration for employees and managers:

1. Remuneration paid to general Directors and Independent Directors (disclosure of the names and remuneration method of individual officers)

Unit: NT\$ thousand

Title	Name (Note 1)	Remuneration of Directors								Total compensation (A+B+C+D) and ratio to net income (%) (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees								Total compensation (A+B+C+D+E+F+G) and ratio to net income (%) (Note 10)		Remuneration received from investee companies other than subsidiaries or the parent company (Note 11)
		Remuneration (A) (Note 2)		Severance Pay and Pension (B)		Directors' remuneration (C) (Note 3)		Business Execution Allowances (D) (Note 4)				Salary, Bonuses, and Special Allowances (E) (Note 5)		Severance Pay and Pension (F)		Employee remuneration (G) (Note 6)						
		The Company	All the Companies Included in the Financial Statements (Note 7)	The Company	All the Companies Included in the Financial Statements (Note 7)	The Company	All the Companies Included in the Financial Statements (Note 7)	The Company	All the Companies Included in the Financial Statements (Note 7)	The Company	All the Companies Included in the Financial Statements (Note 7)	The Company	All the Companies Included in the Financial Statements (Note 7)	The Company	All the Companies Included in the Financial Statements (Note 7)	The Company		All the Companies Included in the Financial Statements (Note 7)		The Company	All the Companies Included in the Financial Statements (Note 7)	
																Amount of Cash	Dollar Amount of Shares	Amount of Cash	Dollar Amount of Shares			
Chairman	Wu, Yi-Gui Representative of Union Polymer Int'l Investment Corp.	0	0	0	0	0	0	24	30	24 -0.01	30 -0.01	4,069	4,069	0	0	0	0	0	0	4,093 -1.11	4,099 -1.11	17,618
General Director	Lin, Han-Fu (Note 12) Representative of Union Polymer Int'l Investment Corp.	0	0	0	0	0	0	24	30	24 -0.01	30 -0.01	5,307	13,812	0	108	0	0	1	0	5,331 -1.44	13,951 -3.77	6
General Director	Wu, Pei-Ji Representative of Asia Polymer Corporation	0	0	0	0	0	0	4	4	4 -0.00	4 -0.00	0	0	0	0	0	0	0	0	4 -0.00	4 -0.00	2,159
General Director	Liu, Han-Tai Representative of Asia Polymer Corporation	0	0	0	0	0	0	24	30	24 -0.01	30 -0.01	0	0	0	0	0	0	0	0	24 -0.01	30 -0.01	11,655
General Director	Wu, Hung-To Representative of USI Investment Co., Ltd.	1,000	1,000	0	0	0	0	148	148	1,148 -0.31	1,148 -0.31	0	0	0	0	0	0	0	0	1,148 -0.31	1,148 -0.31	0



Title	Name (Note 1)	Remuneration of Directors								Total compensation (A+B+C+D) and ratio to net income (%) (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees								Total compensation (A+B+C+D+E+F+G) and ratio to net income (%) (Note 10)		Remuneration received from investee companies other than subsidiaries or the parent company (Note 11)
		Remuneration (A) (Note 2)		Severance Pay and Pension (B)		Directors' remuneration (C) (Note 3)		Business Execution Allowances (D) (Note 4)				Salary, Bonuses, and Special Allowances (E) (Note 5)		Severance Pay and Pension (F)		Employee remuneration (G) (Note 6)						
		The Company	All the Companies Included in the Financial Statements (Note 7)	The Company	All the Companies Included in the Financial Statements (Note 7)	The Company	All the Companies Included in the Financial Statements (Note 7)	The Company	All the Companies Included in the Financial Statements (Note 7)	The Company	All the Companies Included in the Financial Statements (Note 7)	The Company	All the Companies Included in the Financial Statements (Note 7)	The Company	All the Companies Included in the Financial Statements (Note 7)	The Company		All the Companies Included in the Financial Statements (Note 7)		The Company	All the Companies Included in the Financial Statements (Note 7)	
Amount of Cash	Dollar Amount of Shares															Amount of Cash	Dollar Amount of Shares					
General Director	Wang, Ke-Shun Representative of Asia Polymer Corporation	0	0	0	0	0	0	20	20	20 -0.01	20 -0.01	0	0	0	0	0	0	0	0	20 -0.01	20 -0.01	7,295
General Director	Liu, Zhen-Tu Representative of Union Polymer Int'l Investment Corp.	1,000	1,000	0	0	0	0	66	66	1,066 -0.29	1,066 -0.29	0	0	0	0	0	0	0	0	1,066 -0.29	1,066 -0.29	27
Independent Director	Li, Zu-De	1,200	1,200	0	0	0	0	178	178	1,378 -0.37	1,378 -0.37	0	0	0	0	0	0	0	0	1,378 -0.37	1,378 -0.37	0
Independent Director	Zheng, Ying-Bin	1,200	1,200	0	0	0	0	178	178	1,378 -0.37	1,378 -0.37	0	0	0	0	0	0	0	0	1,378 -0.37	1,378 -0.37	0
Independent Director	Li, Liang-Xian	1,200	1,200	0	0	0	0	178	178	1,378 -0.37	1,378 -0.37	0	0	0	0	0	0	0	0	1,378 -0.37	1,378 -0.37	0
Independent Director	Hsu, Chen-I	0	0	0	0	0	0	94	94	94 -0.03	94 -0.03	0	0	0	0	0	0	0	0	94 -0.03	94 -0.03	0
Note: 1. Please state the policies, systems, standards, and structure of independent directors' remuneration payment, and describe the relevance to the amount of remuneration according to their responsibilities, risks, and time of investment: The remuneration of Independent Directors is paid based on the Company's Articles of Incorporation and the remuneration policies and measures and depends on the degree of participation and the value of their contribution to the Company's operations, with reference to the median level in the industry, and it shall be distributed after submitted to and approved by the Remuneration Committee and adopted by the Board of Directors. Independent Directors do not receive other remuneration except for the fixed remuneration. 2. In addition to the information disclosed in the table above, remuneration paid to any Director who has provided his/her services (such as consulting services in a non-employee capacity for the parent company/all companies listed in the financial statements/investees) in the most recent fiscal year: Not applicable. * Please list the relevant information of the Directors (non-independent general directors) and Independent Directors, respectively.																						

## Range of remuneration

Remuneration Range Paid to Directors of the Company	Name of director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All the Companies Included in the Financial Statements (Note 9) H	The Company (Note 8)	The parent company and all investees (Note 9) I
Under NT\$1,000,000	Wu, Yi-Gui, Lin, Han-Fu, Liu, Han-Tai, Wu, Pei-Ji, Wang, Ke-Shun, and Hsu, Chen-I	Wu, Yi-Gui, Lin, Han-Fu, Liu, Han-Tai, Wu, Pei-Ji, Wang, Ke-Shun, and Hsu, Chen-I	Liu, Han-Tai, Wang, Ke-Shun, Wu, Pei-Ji, and Hsu, Chen-I	Hsu, Chen-I
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	Li, Zu-De, Zheng, Ying-Bin, Li, Liang-Xian, Liu, Zhen-Tu, Wu, Hung-To	Li, Zu-De, Zheng, Ying-Bin, Li, Liang-Xian, Liu, Zhen-Tu, Wu, Hung-To	Li, Zu-De, Zheng, Ying-Bin, Li, Liang-Xian, Liu, Zhen-Tu, Wu, Hung-To	Li, Zu-De, Zheng, Ying-Bin, Li, Liang-Xian, Liu, Zhen-Tu, Wu, Hung-To
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)				Wu, Pei-Ji
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)			Wu, Yi-Gui	
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)			Lin, Han-Fu	Wang, Ke-Shun
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)				Liu, Han-Tai, Lin, Han-Fu
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)				Wu, Yi-Gui
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)				
Over NT\$100,000,000				
Total	NT\$6,538 thousand	NT\$6,556 thousand	NT\$15,914 thousand	NT\$63,306 thousand

Notes 1: The names of Directors shall be listed separately (for institutional shareholders, their names and the name of their representatives shall be listed separately) and the amount of remuneration paid to them shall be disclosed collectively. Director(s), who is also the General Manager or Deputy General Managers, is/are already listed in this table and the Table below.

Notes 2: Remuneration received by Directors in the most recent year (including salaries, job-related allowances, severance, bonuses, and rewards).

Notes 3: The amount of compensation approved by the Board of Directors and distributed to the Directors in the most recent fiscal year.

Notes 4: Business expenses paid to the directors in the most recent fiscal year (including services and goods provided such as transportation, special allowances, various allowances and accommodation). If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note.

Notes 5: Salary, job-related allowances, severance pay, various bonuses, incentives, transportation allowances, special allowance, various allowances, accommodation allowance and vehicle received by Directors who concurrently serve as employees (including General Manager, Deputy General Manager, other managerial officers, and employees) in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. Furthermore, any salary expenses recognized in the IFRS 2 "Share-Based Payment" section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.

Notes 6: For Directors concurrently serving as employees (including the General Manager, Deputy General Manager, other managerial officers and employees) who receive employee rewards (including shares and cash), the amount of employee rewards that have been approved by the Board of Directors and are



distributed to them in the most recent fiscal year shall be disclosed. If the amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.

Notes 7: Total remuneration in the various items paid out to the Company's Directors by all companies (including this Company) listed in the consolidated statement shall be disclosed.

Notes 8: The name of each director should be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the director by the company.

Notes 9: Total remuneration in various items paid to every Director of this Company by all companies (including this Company) listed in the consolidated statement shall be disclosed. The name of the Director shall also be disclosed in the respective remuneration range.

Notes 10: Net profit after tax means the net profit after tax in the most recent year. for companies that have adopted IFRSs, the after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Notes 11:

- a. This field should clearly indicate the amount of remuneration received by the Company's Directors from a reinvestment business other than a subsidiary or the parent company (if not, please fill in "none").
- b. If a Director of the Company receives remuneration from investee companies other than subsidiaries or the parent company, the amount of remuneration received by the Director from investee companies other than subsidiaries or the parent company shall be combined into Column I of the table for ranges of remuneration, and this column shall be renamed as "Parent Company and All Investee Companies".
- c. Remuneration refers to the compensation, rewards (including rewards distributed to employees, Directors, and supervisors) and remuneration related to business expenses that are received by the Company's Directors who serve as Directors, supervisors or managerial officers at investees other than subsidiaries or the parent company.

Notes 12: The remuneration received as Vice Chairman and General Manager (including salary and bonuses). The Vice Chairman and General Manager is provided with a car with an original cost of NT\$2,585 thousand and a nominal value of NT\$2,326 as of December 31, 2022. The fuel expenses in 2022 amounted to NT\$39 thousand. He is also provided with a driver and the remuneration paid to the driver totaled NT\$696 thousand.

Notes 13: The cost of the pension appropriated in 2022 in accordance with laws.

\* The content of compensation disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of taxation.

## 2. Remuneration Paid to Supervisors: Not applicable

### 3. Remuneration paid to General Manager and Deputy General Managers (disclosure of the names and remuneration method of individual officers)

Unit: NT\$ thousand

Title	Name (Note 1)	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonuses and Allowances, etc. (C) (Note 3)		Employees' Remuneration (D) (Note 4)				Total compensation (A+B+C+D) and ratio to net income (%) (Note 8)		Remuneration received from investee companies other than subsidiaries or the parent company (Note 9)
		The Company	All the Companies Included in the Financial Statements (Note 5)	The Company	All the Companies Included in the Financial Statements (Note 5)	The Company	All the Companies Included in the Financial Statements (Note 5)	The Company		All the Companies Included in the Financial Statements (Note 5)		The Company	All the Companies Included in the Financial Statements	
								Amount of Cash	Dollar Amount of Shares	Amount of Cash	Dollar Amount of Shares			
Chief Executive Officer	Wu, Yi-Gui	3,701	3,701	0	0	368	368	0	0	0	0	4,069 -1.10	4,069 -1.10	17,618
General Manager	Lin, Han-Fu	2,645	5,290	0	108	2,662	8,522	0	0	1	0	5,307 -1.43	13,921 -3.76	6
Senior Executive Vice President	Hu, Chi-Hong	2,565	2,565	108	108	1,844	1,844	0	0	0	0	4,517 -1.22	4,517 -1.22	6

\* Regardless of job titles, positions that are equivalent to General Manager or Deputy General Manager (such as President, Chief Executive Office, and Director) shall be disclosed.

### Range of remuneration

Range of remuneration paid to the General Manager and Deputy General Managers of the Company	Names of General Manager or Deputy General Manager	
	The Company (Note 6)	The parent company and all investees (Note 7) E
Under NT\$1,000,000		
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)		
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	Wu, Yi-Gui, and Hu, Chi-Hong	Hu, Chi-Hong
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	Lin, Han-Fu	
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)		Lin, Han-Fu
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)		Wu, Yi-Gui
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)		
Over NT\$100,000,000		
Total	NT\$13,893 thousand	NT\$40,137 thousand

Notes 1: The names of the General Manager and Deputy General Manager shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively.



- Notes 2: Fill the salary, job-related allowances and severance pay received by the General Manager and Deputy General Managers in the most recent fiscal year.
- Notes 3: Fill the amount of various bonuses, incentives, transportation allowances, special allowance, various allowances, accommodation, and vehicle received by the General Manager and Deputy General Managers in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. Furthermore, any salary expenses recognized in the IFRS 2 "Share-Based Payment" section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.
- Notes 4: Fill the amount of employee rewards (including shares and cash) that have been approved by the Board of Directors and are distributed to the General Manager and Deputy General Manager in the most recent fiscal year. If the amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3. Net income after taxes refers to net income after taxes in the most recent fiscal year. Where IFRS is adopted, net income after taxes refers to net income after taxes recorded in the parent company only or individual financial statements in the most recent fiscal year.
- Notes 5: The total amount of the remuneration of all the companies (including the Company) in the consolidated report to the General Manager and Deputy General Managers of the Company shall be disclosed.
- Notes 6: The name of each General Manager and Deputy General Manager should be disclosed in the range of remuneration corresponding to the amount paid to the General Manager and Deputy General Manager by the Company.
- Notes 7: The total amount of all the remuneration paid to each general manager and deputy general manager of the company by all the companies (including the company) listed in its consolidated financial statements should be disclosed. The name of each general manager and deputy general manager should be disclosed in the range of remuneration corresponding to the total amount mentioned in the preceding sentence.
- Notes 8: Net income after taxes refers to net income after taxes in the most recent fiscal year. for those that have already adopted the IFRS principles, net profit refers to the after-tax net income in individual or consolidated financial reports for the most recent fiscal year.
- Notes 9:
- a. This field should clearly indicate the amount of remuneration received by the Company's General Manager or Deputy General Managers from a reinvestment business other than a subsidiary or the parent company (if not, please fill in "none").
  - b. If a General Manager or Deputy General Manager of the Company received remuneration from investees other than subsidiaries of the Company or the parent company, the remuneration received by the General Manager or Deputy General Manager of the Company from investees other than subsidiaries of the Company or the parent company shall be included in column E of the Remuneration Range Table and the name of the field shall be changed to "Parent Company and All Investee Companies".
  - c. Remuneration means pay, compensation (including compensation of employees, Directors, and Supervisors) and business expenses received by the General Managers and Deputy General Managers serving as a Director, Supervisor, or manager of an investee company or parent company of the Company other than subsidiaries.
- Notes 10: The remuneration received as Vice Chairman and General Manager (including salary and bonuses). The Vice Chairman and General Manager is provided with a car with an original cost of NT\$2,585 thousand and a nominal value of NT\$2,326 as of December 31, 2022. The fuel expenses in 2022 amounted to NT\$39 thousand. He is also provided with a driver and the remuneration paid to the driver totaled NT\$696 thousand. The rent of the Executive Deputy General Manager's car totaled NT\$330 thousand.
- Notes 11: The cost of the pension appropriated in 2022 in accordance with laws.
- \* The content of compensation disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of taxation.

4. Remuneration paid to the five officers with the highest remuneration (disclosure of the names and remuneration method of individual officers): Not applicable

Unit: NT\$ thousand

Title	Name	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonuses and Allowances, etc. (C) (Note 3)		Employees' Remuneration (D) (Note 4)				Total compensation (A+B+C+D) and ratio to net income (%) (Note 6)		Remuneration received from investee companies other than subsidiaries or the parent company (Note 7)
		The Company	All the Companies Included in the Financial Statements (Note 5)	The Company	All the Companies Included in the Financial Statements (Note 5)	The Company	All the Companies Included in the Financial Statements (Note 5)	The Company		All the Companies Included in the Financial Statements (Note 5)		The Company	All the Companies Included in the Financial Statements	
								Amount of Cash	Dollar Amount of Shares	Amount of Cash	Dollar Amount of Shares			
Chief Executive Officer	Wu, Yi-Gui	3,701	3,701	0	0	368	368	0	0	0	0	4,069 -1.10	4,069 -1.10	17,618
General Manager	Lin, Han-Fu	2,645	5,290	0	108	2,662	8,522	0	0	1	0	5,307 -1.43	13,921 -3.76	6
Senior Executive Vice President	Hu, Chi-Hong	2,565	2,565	108	108	1,844	1,844	0	0	0	0	4,517 -1.22	4,517 -1.22	6
Senior Manager	Chen, Wan-Ta	2,023	2,023	108	108	688	688	0	0	0	0	2,819 -0.76	2,819 -0.76	0
Director, Materials Manufacturing Division	Tsai, Pei-Hong	1,776	1,776	106	106	1,244	1,244	0	0	0	0	3,126 -0.84	3,126 -0.84	0

Notes 1: The so-called “five officers with the highest remuneration” are the managerial officers of the Company. The scope of application for the term “managerial officer” shall follow the official document with reference number 0920001301 dated March 27, 2003. Its scope of application shall be as follows: (1) General Manager and equivalent roles. (2) Deputy General Manager and equivalent roles. (3) Senior Managers and equivalent roles. (4) Head of the Finance Department and equivalent roles. (5) Head of the Accounting Department and equivalent roles. (6) Other personnel authorized to manage the Company's affairs and sign for approval. The principle for determining the “five officers with the highest remuneration”: the top 5 officers with the highest remuneration calculated based on the total amount of the salary, severance pay and pension, bonuses and allowances within the consolidated financial statements as well as remuneration of employees (or the total of A+B+C+D). Director(s), who is/are also the above officer(s), is/are already listed in this table and the Table below(1-1).

Notes 2: Fill the salary, job-related allowances and severance pay received by the five officers with the highest remuneration in the most recent fiscal year.

Notes 3: Fill the amount of various bonuses, incentives, transportation allowances, special allowance, various allowances, accommodation, and vehicle received by the five officers with the highest remuneration in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal



expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. Furthermore, any salary expenses recognized in the IFRS 2 “Share-Based Payment” section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.

Notes 4: Fill the amount of employee rewards (including shares and cash) that have been approved by the Board of Directors and are distributed to the five officers with the highest remuneration in the most recent fiscal year. If the amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.

Notes 5: Total remuneration in the various items paid out to the Company's five officers with the highest remuneration by all companies (including this Company) listed in the consolidated statement shall be disclosed.

Notes 6: The after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Notes 7:

- a. This field should clearly indicate the amount of remuneration received by the Company's five officers with the highest remuneration from a reinvestment business other than a subsidiary or the parent company (if not, please fill in “none”).
- b. Remuneration refers to the compensation, rewards (including rewards distributed to employees, Directors, and supervisors) and remuneration related to business expenses that are received by the Company's five officers with the highest remuneration who serve as Directors, supervisors or managerial officers at investees other than subsidiaries or the parent company.

\* The content of compensation disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of taxation.



5. Name of managerial officers to which employee rewards are distributed and the status of distribution:

Unit: NT\$ thousand

	Job Title (Note 1)	Name (Note 1)	Dollar Amount of Shares	Amount of Cash	Total	Percentage of total remuneration on NIAT (%)
Managerial Officer	Chief Executive Officer	Wu, Yi-Gui	0	0	0	0
	General Manager	Lin, Han-Fu				
	Senior Executive Vice President	Hu, Chi-Hong				
	Senior Manager	Chen, Wan-Ta				
	Corporate Governance Officer	Chen, Yung-Chih				
	Director, Materials Manufacturing Division	Tsai, Pei-Hong				
	Director, Processing Manufacturing Division	Zhong, Bi-kaung				
	Director, Sales & Marketing Division	Chen, Wan-Yu				
	Manager, Accounting Department	Kuo, Chien-Chou				
	Director, Finance Department	Wu, Hui-Hsueh				

Notes 1: Names and positions should be listed individually, and the amount of profit distributed should be disclosed collectively.

Notes 2: Refers to compensations paid to the managerial officers (including stock and cash) approved by the Board of Directors in the most recent year; If such compensations cannot be estimated, an estimation for this year shall be calculated in proportion of the compensations paid last year. Net income after taxes refers to net income after taxes in the most recent fiscal year. for those that have already adopted the IFRS principles, net profit refers to the after-tax net income in individual or consolidated financial reports for the most recent fiscal year.

Notes 3: The scope of application for the term "managerial officer" shall follow the official document with reference number 0920001301 dated March 27, 2003. Its scope of application shall be as follows: (1) General Manager and equivalent roles. (2) Deputy General Manager and equivalent roles. (3) Senior Managers and equivalent roles. (4) Head of the Finance Department and equivalent roles. (5) Head of the Accounting Department and equivalent roles. (6) Other personnel authorized to manage the Company's affairs and sign for approval.

Notes 4: Directors, General Manager, and Deputy General Manager who receive employee compensation (including shares and cash) shall be listed not only in Table 1-2, but also in this table.



- (2) Remuneration paid by the Company and by all companies included in the consolidated financial statements to Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years to after-tax net profit ratio; and Remuneration Policy, Standards, Portfolios for The Payment of The Remuneration, and Procedure for Determining Remuneration, and their Connection with Business Performance and Future Risks.

1. Analysis of total remuneration paid to this Company's Directors, General Manager, and Deputy General Managers as a percentage of NIAT:

Category \ Year	2021		2022	
	The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements
General Directors' remuneration as a percentage of NIAT (excluding those who concurrently serve as employees and receive related remuneration)	0.09	0.09	-0.62	-0.63
Independent Directors' remuneration as a percentage of NIAT (excluding those who concurrently serve as employees and receive related remuneration)	0.17	0.7	-1.14	-1.14
General Directors' remuneration as a percentage of NIAT (including those who concurrently serve as employees and receive related remuneration)	0.56	0.95	-3.16	-5.49
Independent Directors' remuneration as a percentage of NIAT (including those who concurrently serve as employees and receive related remuneration)	0.17	0.17	-1.14	-1.14
General Manager and Deputy General Manager's remuneration as a percentage of NIAT (%)	0.67	1.06	-3.75	-6.08

Note 1: If the total amount of remuneration received by all the Directors of a Company from all the companies listed in its financial statements exceeds two (2) percent of its net income after taxes, and the amount of remuneration received by any individual Director exceeds NT\$15 million, the Company shall disclose the amount of remuneration paid to individual Directors.

Note 2: Remuneration policies, standards and packages, the procedures for determining remuneration and their correlations with the Company's business performance and future risk exposure:

- (1) The policy, criteria and composition for the payment of remuneration

- (1.1) The remuneration of Directors shall be in accordance with the Article 30 of the Articles of Incorporation of the Company: Regardless of operating profit or loss, the directors shall be remunerated according to the degree of their participation in the operation of the Company and the value of their contributions to the Company, with reference to the domestic industry level. The remuneration shall not exceed 1% of the profit of the current year according to Article 33 of the Articles of Incorporation of the Company. The aforesaid remuneration was determined with reference to



the Company's operations performance and the performance evaluation results of the Directors. In addition, the transportation allowances shall be paid according to the resolution of the shareholders' meeting, except that Managerial Officers who concurrently serves as a Director of the Company shall not receive the transportation allowance. The aspects of performance evaluation for the Directors: Including alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control.

- (1.2) The remuneration for Presidents shall be handled in accordance with the relevant human resources regulations of the Company, and shall be determined in consideration of the business performance. The business performance includes evaluation of the achievement rate in terms of finance aspect (operating income, operating profit and net profit before tax), customer aspect, product aspect, talent aspect, safety aspect, and project aspect.
- (1.3) The Company's remuneration package, as defined by the Remuneration Committee, includes cash remuneration, stock options, stock dividends, retirement benefits or severance pay, allowances and other tangible incentives; the scope of the package is consistent with that of the remuneration of directors and managers as described in the Regulations Governing Information to be Published in Annual Reports of Public Companies.
- (2) The procedures for determining remuneration:
 

In order to regularly evaluate the salaries and remuneration of directors and managers, the evaluation results of the Company's "Rules Governing the Performance Evaluation of the Board of Directors" and the "Rules Governing the Performance Evaluation" applicable to managers and employees are used as the basis respectively.

The performance appraisal and remuneration rationality of directors and managers are regularly evaluated and reviewed by the Remuneration Committee and the Board of Directors every year, in addition to the performance achievement rate and contribution to the company, as well as the company's overall business performance, outlook of the industry, business risks, and development trends, and review the remuneration system at any time in accordance with the actual operating conditions and relevant laws and regulations, and provide reasonable remuneration to achieve a balance between the company's sustainable operation and risk control.
- (3) The correlation with the Company's business performance and future risk exposure
 

The Remuneration Committee references the Company's overall business performance, outlook of the industry, business risks, and development trends and evaluates the performance targets of the Company's Directors and managerial officers to establish the content and amount of their remuneration. The Committee forms recommendations and submits them to the Board of Directors for passage. The Committee reviews the remuneration system for the Company's Directors and managerial officers any time in light of the actual operating conditions and relevant laws and regulations and should not guide the Company's Directors and managerial officers to pursue compensation and engage in behaviors beyond the Company's risk appetite.

## 4. The State of the Company's Implementation of Corporate Governance

### (I) Operation of the Board of Directors:

#### 1. Information on Directors' attendance:

A total of 6 (A) meetings were held in the most recent fiscal year (2022). The attendance of Directors was as follows:

Title	Name	1st meeting 2022.3.9	2nd meeting 2022.4.15	3rd meeting 2022.5.5	4th meeting 2022.6.2	5th meeting 2022.8.3	6th meeting 2022.11.1	Attendance in person B	Number of attendance by proxy	Attendance rate (%) [B/A]	Remark
Chairman	Wu, Yi-Gui (representative of Union Polymer Int'l Investment Corp.)	◎	◎	◎	◎	◎	◎	6	0	100	Reelected
Vice Chairperson and General Manager	Lin, Han-Fu (representative of Union Polymer Int'l Investment Corp.)	◎	◎	◎	◎	◎	◎	6	0	100	Reelected
Director	Wu, Pei-Ji (Representative of Asia Polymer Corporation)	—	—	—	—	—	◎	1	0	100	Incoming, attendance: 1
Director	Liu, Han-Tai (Representative of Asia Polymer Corporation)	—	—	—	◎	◎	◎	3	0	100	Incoming, attendance: 3
Director	Wu, Hung-To (Representative of USI Investment Co., Ltd.)	—	—	—	◎	◎	◎	3	0	100	Incoming, attendance: 3
Independent Director	Li, Zu-De	◎	◎	◎	◎	◎	◎	6	0	100	Reelected
Independent Director	Zheng, Ying-Bin	◎	◎	◎	◎	◎	◎	6	0	100	Reelected
Independent Director	Li, Liang-Xian	◎	◎	◎	◎	◎	◎	6	0	100	Reelected
Independent Director	Hsu, Chen-I	—	—	—	◎	◎	◎	3	0	100	Incoming, attendance: 3
Director	Wang, Ke-Shun (Representative of Asia Polymer Corporation)	—	—	—	◎	◎	—	2	0	100	Outgoing, attendance: 2

Title	Name	1st meeting 2022.3.9	2nd meeting 2022.4.15	3rd meeting 2022.5.5	4th meeting 2022.6.2	5th meeting 2022.8.3	6th meeting 2022.11.1	Attendance in person B	Number of attendance by proxy	Attendance rate (%) [B/A]	Remark
Director	Wang, Ke-Shun (representative of Union Polymer Int'l Investment Corp.)	◎	◎	◎	—	—	—	3	0	100	Outgoing, attendance: 3
Director	Liu, Han-Tai (representative of Union Polymer Int'l Investment Corp.)	◎	◎	◎	—	—	—	3	0	100	Outgoing, attendance: 3
Director	Liu, Zhen-Tu (representative of Union Polymer Int'l Investment Corp.)	◎	◎	◎	—	—	—	3	0	100	Outgoing, attendance: 3
Director	Wu, Hung-To (representative of Union Polymer Int'l Investment Corp.)	◎	◎	◎	—	—	—	3	0	100	Outgoing, attendance: 3

Notes 1: Attendance in person: ◎; attendance by proxy: ☆; absent: \*

Notes 2: If the directors and supervisors are institutional shareholders, the names of such institutional shareholders and their representatives shall be disclosed.

Notes 3:

- (1) \* Where a director supervisor resigns before the end of the fiscal year, the Remark column shall be filled with the independent director's resignation date, whereas his/her percentage of attendance in person (%) shall be calculated based on the number of meetings held by the Board of Directors and the actual number of meetings attended during his/her term of office.
- (2) \* If director supervisors are re-elected before the end of the fiscal year, incoming and outgoing director supervisors shall be listed accordingly, and the Remark column shall indicate whether the status of an director supervisor is "outgoing", "incoming" or "re-elected", and the date of re-election. The rate of attendance in person (%) is calculated based on the number of meetings held by the Board of Directors and the actual number of meetings attended during his/her term of office.

Notes 4: Re-election of directors at the shareholders' meeting on May 30, 2022 (including 4 independent directors).

Notes 5: The corporate shareholder, Asia Polymer Corporation, reassigned Mr. Wu, Pei-Ji as its representative on September 23, 2022, to replace the previous representative, Mr. Wang, Ke-Shun, as a director.



2. If any of the following applies to the operations of the Board of Directors, the date and session of the Board of Directors' Meeting, as well as the resolutions, opinions of Independent Directors and the Company's actions in response to the opinions of Independent Directors shall be stated:

2.1 Items listed in Article 14-3 of the Securities and Exchange Act:

Term of the Board meeting Start Date	Proposal content and tracking	Items specified in Article 14-3 of the Securities and Exchange Act	Objections or expressed reservations expressed by Independent Directors
1st Meeting in 2022 2022.3.9	1. Ratify the endorsement guarantee for the subsidiary Company CGPC Polymer Corporation.	Yes	None
	2. Agreed the 2021 distribution of remuneration to directors and employees of the Company	Yes	None
	3. Approved the amendment of certain articles in the Regulations Governing Asset Acquisition and Disposal.	Yes	None
	4. Approved the recommendation at the general shareholders' meeting to lift the non-compete clause for incoming directors.	Yes	None
	5. Approved the appointment of CPAs for 2022.	Yes	None
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
5th Meeting in 2022 2022.8.3	Resolution: All the directors present voted in favor of the resolution without any dissenting opinion.		
	Passed the amendments to the Company's internal control system.	Yes	None
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
6th Meeting in 2022 2022.11.1	Resolution: All the directors present voted in favor of the resolution without any dissenting opinion.		
	1. Ratify the endorsement guarantee for the subsidiary Company CGPC Polymer Corporation.	Yes	None
	2. Approved the fund lending amount to the subsidiary CGPC Polymer Corporation.	Yes	None
	3. Approved remuneration of CPAs for 2022.	Yes	None
	4. Passed the amendments to the Company's internal control system.	Yes	None
	Opinions of independent directors: None.		
	The Company's actions in response to the opinions of independent directors: None.		
2.2 Other than the matters mentioned above, other resolutions that are objected and reserved by the Independent Directors and are documented or stated:	None.		



3. In regards the recusal of Independent Directors from voting due to conflict of interests, the name of the Independent Directors, the resolutions, reasons for recusal due to conflict of interests and voting outcomes shall be stated:

Name of director	Resolutions	Avoidance reason for interests	Voting Participation	Note
Wu, Yi-Gui Wang, Ke-Shun Liu, Han-Tai	Donations to the USI Education Foundation	They recused themselves due to conflict of interest as they serve as Directors of the foundation.	Did not participate in voting	1st Meeting in 2022
Zheng, Ying-Bin, Li, Zu-De, Li, Liang-Xian	Appointed the three independent directors, Zheng, Ying-Bin, Li, Zu-De and Li, Liang-Xian as the members of the Remuneration Committee of the Company.	Interest conflict with directors.	Did not participate in voting	4th Meeting in 2022

4. The company listed on TWSE/TPEX shall disclose the evaluation cycle and duration, scope of evaluation, methodology, and evaluation contents of the evaluation of the Board of Directors.

Evaluation of the performance for the Board of Directors:

Evaluation cycle (Note 1)	Period of Evaluation (Note 2)	Scope (Note 3)	Method (Note 4)	Evaluation Content (Note 5)
Once every year	From January 1 to December 31, 2022	Evaluation of Performance of Board of Directors	Board of Directors Meeting Self-evaluation	1. Performance evaluation of the Board of Directors: The evaluation shall include at least the "participation in the operations of the Company", "improvement of the quality of the Board of Directors' decision making", "composition and structure of the Board of Directors", "election and continuing education of the Directors", "and "internal control".
		Performance evaluation of individual director member	Board of Directors Meeting Self-evaluation of the members	1. Self-Evaluation by the Members of the Board of Directors; Understanding of the Company's goals and tasks; Understanding of the Director's responsibilities; Participation in Company operations; Management of internal relations and communication; Expertise and continuing education of the Directors; Internal control
		Performance evaluation of functional committees	Self-evaluation of the members of functional committees	I. Performance Evaluation of the Audit Committee 1. Participation in Company operations 2. Understanding of the duties of the Audit Committee. 3. Improvement of the quality of the Audit Committee' decision making. 4. Composition of the Audit Committee and selection of committee members. 5. Internal control II. Performance Evaluation of the Remuneration Committee 1. Participation in Company operations 2. Understanding of the Remuneration Committee's roles and responsibilities 3. Improvement in the Remuneration Committee's decision-making quality 4. Composition and member selection of the Remuneration Committee

- ※The results of the performance evaluation of the Board of Directors and the functional committees in 2022 were reported to the first meeting of the Board of Directors in 2023 (March 2, 2023) and were disclosed on the Company's website after the meeting.
- Notes 1: Fill out the evaluation cycle for the evaluation of the Board of Directors such as once every year.
- Notes 2: Fill out the period for the evaluation of the Board of Directors such as the period for the evaluation of the performance of the Board of Directors is from January 1, 2019 to December 31, 2019.
- Notes 3: The scope of evaluation covers the evaluation of the performance of the Board of Directors, individual Directors, and functional committees.
- Notes 4: Methods of evaluations include the self-evaluation of the board, self-evaluation by individual board members, peer evaluation, and evaluation by appointed external professional institutions, experts, or other appropriate methods.
- Notes 5: The contents of the evaluation shall include at least the following items:
- (1) Performance evaluation of the Board of Directors: The evaluation shall include at least the "participation in the operations of the Company", "improvement of the quality of the Board of Directors' decision making", "composition and structure of the Board of Directors", "election and continuing education of the Directors", "and "internal control".
  - (2) Evaluation of individual Directors' performance: It shall at least include the knowledge about the Company's objectives and tasks, the understanding of Director duties, the participation in the Company's operations, the internal relationship management and communication, Directors' specialties and continuous learning, and internal control.
  - (3) Performance evaluation of functional committees: It shall include the degree of participation in the Company's operations, the understanding of the functional committee's responsibilities, the quality of decision-making of the functional committee, the composition and selection of members of the functional committee, and internal control.
5. The targets for strengthening the functions of the Board of Directors in the current year and recent years (such as the establishment of the Audit Committee and enhancement of information transparency) and the assessment of implementation:
- 5.1. The operations of the Board of Directors of the Company are exercised in accordance with the provisions of the laws and regulations, the Articles of Incorporation, and the resolutions of the shareholders' meetings. All Directors, in addition to the professional knowledge and skills necessary to perform their duties, should strive for the best shareholder interests based on the principles of loyalty and integrity.
  - 5.2. The Company constantly pays attention to changes in laws and regulations of the competent authority, reviews its "Rules of Procedure for Board of Directors' Meetings" and "Rules Governing the Scope of Powers of Independent Directors", and evaluates its "Audit Committee Charter" in due course. The Company really seeks to improve information transparency in accordance with the amended laws, and the implementation of these regulations has been favorable.
  - 5.3. The Company implements corporate governance, safeguards the interests of the shareholders, and strengthens the functions of the Board. The Board appointed a





Corporate Governance Officer on May 9, 2019 to assist the Board of Directors in its operations.

- 5.4. The Company has formed functional committees such as the Remuneration Committee and Audit Committee in 2011 and 2016 to improve their effectiveness.
- 5.5. The Company's website and the Market Observation Post System disclose relevant information on the Company's compliance with related regulations and major resolutions of the Board of Directors to help shareholders understand the Company's development and enhance the transparency of the Company's information.
- 5.6. The Company organizes 6-hour training courses for Directors per year and encourages Directors to attend corporate governance-related courses. The status of continuing education for the Directors of the Company in 2022 is as follows:

Title	Name	Date of Training	Organizer	Course Title	Training Hours
Chairman	Wu, Yi-Gui	2022/07/14	Securities and Futures Institute	Risks and opportunities of climate change and net-zero emission policies for business operations	3
		2022/10/13	Securities and Futures Institute	Introduction to the Law of Business Event Trial and Dispute over the Company's Management Rights	3
Vice Chairperson and General Manager	Lin, Han-Fu	2022/07/14	Securities and Futures Institute	Risks and opportunities of climate change and net-zero emission policies for business operations	3
		2022/10/13	Securities and Futures Institute	Introduction to the Law of Business Event Trial and Dispute over the Company's Management Rights	3
Director	Wu, Pei-Ji	2022/07/14	Securities and Futures Institute	Risks and opportunities of climate change and net-zero emission policies for business operations	3
		2022/10/13	Securities and Futures Institute	Introduction to the Law of Business Event Trial and Dispute over the Company's Management Rights	3
Director	Liu, Han-Tai	2022/07/14	Securities and Futures Institute	Risks and opportunities of climate change and net-zero emission policies for business operations	3
		2022/10/13	Securities and Futures Institute	Introduction to the Law of Business Event Trial and Dispute over the Company's Management Rights	3
Director	Wu, Hung-To	2022/07/14	Securities and Futures Institute	Risks and opportunities of climate change and net-zero emission policies for business operations	3
		2022/10/13	Securities and Futures Institute	Introduction to the Law of Business Event Trial and Dispute over the Company's Management Rights	3

Title	Name	Date of Training	Organizer	Course Title	Training Hours
Independent Director	Li, Zu-De	2022/07/14	Securities and Futures Institute	Risks and opportunities of climate change and net-zero emission policies for business operations	3
		2022/10/13	Securities and Futures Institute	Introduction to the Law of Business Event Trial and Dispute over the Company's Management Rights	3
Independent Director	Zheng, Ying-Bin	2022/04/22	Taiwan Institute for Sustainable Energy Committee	Taishin 30 Sustainable Net Zero Summit Forum - Serious Net Zero for Sustainability by 2030	3
		2022/04/26	Taiwan Institute of Directors	How the Board of Directors Strengthens Corporate Competitiveness	3
Independent Director	Li, Liang-Xian	2022/07/14	Securities and Futures Institute	Risks and opportunities of climate change and net-zero emission policies for business operations	3
		2022/10/13	Securities and Futures Institute	Introduction to the Law of Business Event Trial and Dispute over the Company's Management Rights	3
Independent Director	Hsu, Chen-I	2022/12/09	Securities and Futures Institute	From CSR to ESG Corporate Management Mindset	3
		2022/12/09	Securities and Futures Institute	How to Effectively Protect Business Secrets	3
Corporate Governance Officer	Chen, Yung-Chih	2022/04/22	Taiwan Institute for Sustainable Energy Committee	Taishin 30 Sustainable Net Zero Summit Forum - Serious Net Zero for Sustainability by 2030	3
		2022/04/28	Taiwan Institute for Sustainable Energy Committee	The 28th TCCS Board Meeting and CEO Seminar	2
		2022/05/20	Securities and Futures Institute	Seminar on Prevention of Insider Trading in 2022	3
		2022/07/14	Securities and Futures Institute	Risks and opportunities of climate change and net-zero emission policies for business operations	3
		2022/07/27	Taiwan Stock Exchange Co., Ltd.	Promotion of Industry Topics for the Sustainable Development Route	2
		2022/07/28 ~ 2022/07/29	Taiwan Institute for Sustainable Energy Committee	2022 Net Zero and Sustainable Development Forum	7
		2022/09/29	Taiwan Stock Exchange Co., Ltd.	2022 Reference Guide for Independent Directors and the Audit Committee on the Exercise of Powers and Functions Released and Director Advocacy Meeting	3
		2022/10/13	Securities and Futures Institute	Introduction to the Law of Business Event Trial and Dispute over the Company's Management Rights	3



Title	Name	Date of Training	Organizer	Course Title	Training Hours
		2022/10/14	Securities and Futures Institute	Seminar on Prevention of Insider Trading in 2022	3
		2022/10/27	Taiwan Institute for Sustainable Energy Committee	The 13th TCCS Board Meeting and CEO Seminar	2
		2022/11/03	Taiwan Corporate Governance Association	Fubon Insurance ESG Trends and Risk Management Seminar	3
		2022/11/11	Securities and Futures Institute	Listed Companies - Derivatives Trading Strategies and Market Outlook Seminar	3
		2022/11/11	Taiwan Corporate Governance Association	Highlights of TCFD Disclosure that Directors Should Be Aware Of	3
		2022/12/16	Taiwan Corporate Governance Association	How Companies Can Effectively Manage Risks	3
Accounting Division Manager	Kuo, Chien-Chou	2022/08/29 ~ 2022/08/30	Accounting Research and Development Foundation	Continuing Training Class for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12
Chief Internal Auditor	Kang-Nien Chiang	2022/06/14	Internal Audit Association	Analysis of the rules and practices of capital lending, endorsement guarantee and acquisition of disposable assets	6
		2022/08/10	Internal Audit Association	Analysis of Notes and Practices related to Shareholder's Meetings and Company Act	6

The number of training hours, scope of training, learning system, arrangements and information on the above-mentioned training sessions which comply with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies shall be disclosed.

## (II) Operations of the Audit Committee:

### 1. Attendance information of the Audit Committee:

A total of 5 (A) meetings were held in the most recent fiscal year (2022).

The attendance of Independent Directors was as follows:

Title	Name	Number of Attendance in Person (B)	Number of attendance by proxy	Attendance rate (%) (B/A) (Note 1, Note2)	Remark
Independent Director	Li, Zu-De	5	0	100.00	Refer to Note 3 (1) for the professional qualifications and experience
Independent Director	Zheng, Ying-Bin	5	0	100.00	Refer to Note 3 (2) for the professional qualifications and experience
Independent Director	Li, Liang-Xian	5	0	100.00	Refer to Note 3 (3) for the professional qualifications and experience
Independent Director	Hsu, Chen-I	2	0	100.00	Refer to Note 3 (4) for the professional qualifications and experience

Notes 1: Where an independent director resigns before the end of the fiscal year, the Remark column shall be filled with the independent director's resignation date, whereas his/her percentage of attendance in person (%) shall be calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

Notes 2: If independent directors are re-elected before the end of the fiscal year, incoming and outgoing independent directors shall be listed accordingly, and the Remark column shall indicate whether the status of an independent director is "outgoing", "incoming" or "re-elected", and the date of re-election. The rate of attendance in person (%) is calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

Notes 3: Professional qualifications and experience:

- (1) Li, Zu-De serves as the Chairman of the Taipei Medical University of USI and is currently the Chairman of Handing Medical Electronics Biotechnology Management Consultancy Co., Ltd.. He has experience in directly supervising financial managers and accounting managers.
- (2) Zheng, Ying-Bin is currently the Chairman of Long Chen Paper & Packaging Co., Ltd and has experience in directly supervising financial managers and accounting managers.
- (3) Li, Liang-Xian once served as the General Manager of the Chemicals and Special Chemicals Department in Greater China of Dow Chemical (U.S.A.) and has extensive relevant experience and professional qualifications.
- (4) Hsu, Chen-I once served as the Chairman of TTFB, ZHE TAI CO., LTD, and TTFB Social Welfare Charity Foundation and is currently the Chairman of TTFB and Chengshi Investment Co., Ltd.

### 2. Main review items of the Audit Committee:

#### 2.1. Financial statements;



- 2.2. Independence evaluation and the hiring and dismissal of certifying CPAs and their compensation;
  - 2.3. Accounting policies and the internal control system;
  - 2.4. Review of the effectiveness of the internal control system;
  - 2.5. Procedures for acquisition or disposal of assets;
  - 2.6. Regulations governing the making of endorsements/guarantees;
  - 2.7. Procedures for extending loans to others;
  - 2.8. Materials derivatives trading;
  - 2.9. Annual audit plan;
  - 2.10. Resignation or dismissal of heads of finance, accounting, and chief auditor;
  - 2.11. Investigation reports for complaints and malfeasance;
  - 2.12. Offering, issuance, or private placement of equity-type securities;
  - 2.13. Matters in which a Director is an interested party;
  - 2.14. Other important items required by other companies or the competent authority
3. Key work items of 2022:
- 3.1. Review the annual internal audit plan; obtain reports from the internal audit department each month; inspect feedback of the management on issues discovered in internal audits; and regular communication with the Chief Internal Auditor.
  - 3.2. Review the 2021 financial reports; regular communication with the CPAs regarding audit tasks and impact of regulation changes.
  - 3.3. The Company established the independence evaluation report based on Article 47 of the Certified Public Accountant Act and No. 10 Statement of the Professional Ethics Standards for Certified Public Accountants to evaluate the independence, professionalism, and qualifications of CPAs, whether they are related parties of the Company, and whether there are relations involving business or financial interests. The Company reviewed the independence evaluation of the CPAs Huang, Hsiu-Chun and Chiu, Cheng-Chun in the 14th meeting of the 2nd Audit Committee on March 9, 2022 and the first meeting of the Board of Directors in 2022, and found them to meet the standards and qualified to serve as the Company's certifying CPAs for finance and taxation.
  - 3.4. Audit of the business report and the financial report  
The Company's 2021 Business Report prepared by the Board of Directors, the Financial Report audited and certified by CPAs Huang, Hsiu-Chun and Chiu, Cheng-Chun of Deloitte, Taiwan (including the Individual Financial Report and the Consolidated Financial Report), and the Earnings Distribution Proposal, have been reviewed by the Audit Committee who found them to be compliant with regulations.
  - 3.5. Assessment of the effectiveness of the internal control system  
The Company evaluates the five elements of the internal control system including the control environment, risk assessment, control operations, information and communication, and supervision. The control operations are self-assessed by the departments at the operation level and the internal control review team is established for reviews. The overall

assessment results meet standards of the internal control system and the internal control system remained effective in terms of design and execution. The Audit Committee has assessed the effectiveness of the Company's internal control system policies and procedures (including control measures such as finance, operation, risk management, information security, outsourcing, regulatory compliance, etc.) and audited The Company's audit department and CPAs, as well as management's periodic reports, including risk management and regulatory compliance. The Audit Committee believes that the Company's risk management and internal control systems are effective and that the Company has adopted the necessary control mechanisms to supervise and correct violations.

4. With regard to the implementation of the Audit Committee, if any of the following circumstances occur, the dates and terms of the Audit Committee meetings, contents of motions, dissenting opinions of the Independent Directors, qualified opinions or contents of material recommendations, Audit Committee resolutions, and the Company's handling of such resolutions shall be specified.

4.1. Items listed in Article 14-5 of the Securities and Exchange Act:

Audit Committee Term Date	Proposal content and tracking	Items specified in Article 14-5 of the Securities and Exchange Act	Objections or expressed reservations expressed by Independent Directors
2nd term 14th meeting 2022/03/09	1. Proceed with guarantees/endorsements.	Yes	None
	2. Formulation of the 2021 Account Book.	Yes	None
	3. 2021 profit distribution proposal.	Yes	None
	4. Amendment to the "procedures for acquisition or disposal of assets".	Yes	None
	5. 2022 evaluation of the independence of appointed CPAs.	Yes	None
	6. Appointment of CPAs for 2022.	Yes	None
	7. 2021 Statement on Internal Control.	Yes	None
	Opinions of the Audit Committee: None.		
	The Company's Processing of Opinions of the Audit Committee: None.		
2nd term 16th meeting 2022/05/05	Resolution: The motions were passed unanimously by the members in attendance and filed for resolution in the board meeting.		
	1. Proposal to prepare the consolidated financial statements of the Company in the 1st quarter of 2022.	Yes	None
	Opinions of the Audit Committee: None.		
	The Company's Processing of Opinions of the Audit Committee: None.		
3rd term 1st meeting 2022/08/03	Resolution: The motions were passed unanimously by the members in attendance and filed for resolution in the board meeting.		
	1. Amendment of the internal control system of the Company.	Yes	None
	2. Proposal to prepare the consolidated financial statements of the Company in the 2nd quarter of 2022.	Yes	None
	3. Replacement of VCM tanks.	Yes	None



Audit Committee Term Date	Proposal content and tracking	Items specified in Article 14-5 of the Securities and Exchange Act	Objections or expressed reservations expressed by Independent Directors
3rd term 2nd meeting 2022/11/01	Opinions of the Audit Committee: None.		
	The Company's Processing of Opinions of the Audit Committee: None.		
	Resolution: The motions were passed unanimously by the members in attendance and filed for resolution in the board meeting.		
	1. Proposal to prepare the consolidated financial statements of the Company in the 3rd quarter of 2022.	Yes	None
	2. Proceed with guarantees/endorsements.	Yes	None
	3. Provide funding credits and lines of credit.	Yes	None
	4. Remuneration of CPAs for 2022.	Yes	None
	5. Amend some articles of the Procedures for Handling Material Internal Information.	Yes	None
	6. Amendment of the internal control system of the Company.	Yes	None
	Opinions of the Audit Committee: None.		
	The Company's Processing of Opinions of the Audit Committee: None.		
	Resolution: The motions were passed unanimously by the members in attendance and filed for resolution in the board meeting.		

- 4.2. In addition to the aforementioned motions, other motions not passed by the Audit Committee but passed by at least two-thirds of the votes of the entirety of the Board of Directors: None.
5. In regard to the recusal of independent Directors from voting due to conflict of interests, the name of the independent Directors, the resolutions, reasons for recusal due to conflict of interests , and voting outcomes shall be stated: None.
6. Communications between independent Directors and chief internal auditor and CPAs (issues, methods and outcomes related to the Company's financial and business status should be included).
- 6.1. The internal audit on operations and various management procedures shall be processed in accordance with the annual audit plan passed in the board meeting. The internal Audit Department shall submit audit reports to each Independent Director for review every month and the Chief Internal Auditor shall also attend meetings of the Audit Committee (at least once a quarter) to report on the major audit findings to the Independent Directors. The communication focus of the meeting is as follows:

Date	Meeting/Key Communication Points	Suggestions and Results
2022/03/09	14th meeting of the 2nd Audit Committee 1. Status and results of the auditing operations performed by internal auditors. 2. 2021 Statement on Internal Control.	No objections
2022/04/15	15th meeting of the 2nd Audit Committee Status and results of the auditing operations performed by internal auditors.	No objections

Date	Meeting/Key Communication Points	Suggestions and Results
2022/05/05	16th meeting of the 2nd Audit Committee Status and results of the auditing operations performed by internal auditors.	No objections
2022/08/03	1st meeting of the 3rd Audit Committee Status and results of the auditing operations performed by internal auditors.	No objections
2022/11/01	2nd meeting of the 3rd Audit Committee (At this meeting, the chief internal auditor and CPAs communicated with the Independent Directors independently.) 1. Status and results of the auditing operations performed by internal auditors. 2. Amendment of the internal control system. 3. 2022 internal control self-assessment schedule. 4. Approved the 2023 annual audit plan.	No objections

6.2. CPAs compiled information on the audit of the Company's consolidated financial statements (annual financial statements including parent company only financial statements) and review of governance-related matters every six months and report them to the Audit Committee in accordance with the Auditing Standards Bulletin No. 39 - "Communication with Audited Governance Units" and the letter Tai Tsai Cheng 6 No. 0930105373 issued by Securities and Futures Bureau on March 11, 2004. Communication items were as follows:

Date	Meeting/Key Communication Points	Suggestions and Results
2022/03/09	14th meeting of the 2nd Audit Committee Audit the implementation and conclusions of the 2021 parent company only and consolidated financial statements.	No objections
2022/05/05	16th of the 2nd Audit Committee Audit the implementation and conclusions of the consolidated financial statements for the 1st quarter of 2022.	No objections
2022/08/03	1st meeting of the 3rd Audit Committee Audit the implementation and conclusions of the consolidated financial statements for the 2nd quarter of 2022.	No objections
2022/11/01	2nd meeting of the 3rd Audit Committee (At this meeting, the CPAs and chief internal auditor communicated with the Independent Directors independently.) 1. Audit the implementation and conclusions of the quarter consolidated financial statements for the 3rd quarter of 2022. 2. The 2022 financial report audit plan and key audit matters. 3. Update regulations. 4. Disclosure framework and timeline for Audit Quality Indicators (AQIs)	No objections



**Note:**

- \* Where an independent director resigns before the end of the fiscal year, the Remark column shall be filled with the independent director's resignation date, whereas his/her percentage of attendance in person (%) shall be calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.
- \* If independent directors are re-elected before the end of the fiscal year, incoming and outgoing independent directors shall be listed accordingly, and the Remark column shall indicate whether the status of an independent director is "outgoing", "incoming" or "re-elected", and the date of re-election. The rate of attendance in person (%) is calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

(III) The state of the Company's implementation of corporate governance, discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies, and reasons for such discrepancies

Evaluation Item	Implementation Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
I. Has the company formulated and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies?	V		The Company has established its Corporate Governance Best Practice Principles and complied with the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies to promote the implementation of corporate governance, and discloses such information on its own website.	No significant deviation
II. Shareholding Structure and Shareholders' Rights				
(I) Has the company established internal operating procedures for handling matters related to shareholders' recommendations, doubts, disputes and lawsuits, and implemented them accordingly?	V		(I) The Company has appointed specific personnel to take charge of such matters.	No significant deviation
(II) Does the company maintain a list of major shareholders who have actual control over the company and persons who have ultimate control over the major shareholders?	V		(II) The Company has maintained contact with its major shareholders and persons who have ultimate control over the major shareholders.	No significant deviation
(III) Has the company established and implemented risk control and firewall mechanisms among its affiliated companies?	V		(III) The Company has established and implemented a system to monitor its subsidiaries.	No significant deviation
(IV) Has the company formulated internal regulations that prohibit insiders of the company from trading	V		(IV) Prevention measures against insider trading: The Company has regularly educated and advocated the existing Directors, Managerial Officers, and employees on the	No significant deviation

Evaluation Item	Implementation Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
securities using undisclosed information in the market?			<p>Procedures for Handling Material Inside Information and relevant laws and regulations. The Company has educated and advocated new Directors, Managerial Officers, and employees upon taking office.</p> <p>The Company had educated and advocated the existing Directors, Managerial Officers, and employees, a total of 868 people through online courses and tests in 2022. The topics of the courses and the number of hours are as follows:</p> <p>[Online Course] Insider Trading Practical Cases and Related Legal Liabilities, 3 hours</p> <p>[Online Course] Integrity Management Code Education_Ch2 Insider Trading, 1 hour</p> <p>[Assessment] Employee Code of Conduct Test (Including Insider Trading Prevention), 1 hour</p> <p>Content includes: Regulations, definition, and elements of insider trading; insider trading from a corporate governance perspective; introducing Paragraph 1, Article 157 of the Securities and Exchange Act and practical cases; and scope of and handling procedures for material information.</p> <p>Course briefings and video files were uploaded to the internal learning platform for those who failed to participate in the courses.</p>	

Evaluation Item	Implementation Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			<p>Directors are prohibited from trading the Company's shares during the closed period of 30 days prior to the announcement of the annual financial statements and 15 days prior to the announcement of the quarterly financial statements.</p> <p>Implementation:</p> <p>1. Company rules:</p> <p>(1) In August 2022, the Board of Directors approved an amendment to the Company's Corporate Governance Best Practice Principles to specify that the Company shall establish internal regulations prohibiting insiders from trading marketable securities using unpublished information in the market, including (but not limited to) that the directors are prohibited from trading their shares during the closed period of 30 days prior to the announcement of annual financial statements and 15 days prior to the announcement of quarterly financial statements.</p> <p>(2) In November 2022, the Board of Directors approved the amendment to the Company's "Operating Procedures and Conduct Guidelines for Integrity Management", which stipulates that in addition to the prohibition of insider trading under the Securities and Exchange Act, directors are not allowed to trade the Company's shares during the closed period of 30 days before the announcement of annual</p>	

Evaluation Item	Implementation Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			<p>financial statements and 15 days before the announcement of quarterly financial statements.</p> <p>2. Implementation of internal rules:</p> <p>(1) Education and training</p> <p>The test was conducted on the training management platform. Course name: [Promotion of Employee Code of Conduct_2022] - the article that directors are not allowed to trade the Company's shares during the closed period before the announcement of financial statements has been included.</p> <p>In 2022, the total number of participants in the above training was 816 and the total number of training hours was 816.</p> <p>(2) Notice</p> <p>Reminder before the closed period - The secretary of the Board of Directors will send a reminder notice to the directors by email 7 days prior to each closed period and inform the employees of the Stork Affair Department.</p> <p>The second reminder mechanism is implemented by the employees of the Stork Affair Department. If the directors of the Company still apply for "prior reporting" until the "financial report announcement date (i.e. the date of the board meeting)", they will be reminded of the regulation of the closed period by email again at the same</p>	

Evaluation Item	Implementation Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			<p>time (the independent directors will be notified by the board secretary as usual), and the board secretary and the Corporate Governance Officer will be notified at the same time.</p> <p>CGPC held the Board of Directors' meeting on November 1, 2022 to discuss the financial statements for the third quarter of 2022. Since the Board of Directors' meeting was followed by a major announcement of the financial statements on the same day, the date of the Board of Directors' meeting (November 1) was set as the announcement date of the financial statements, and 15 days before that (October 17) was set as the start date of the closed period, and the closed period for trading stocks was from October 17 to November 1, 2022. Secretariat of the Board has issued a letter on October 7, 2022 to inform the Directors that they are not allowed to trade the shares of the Company during the Closed Period.</p> <p>As confirmed by our employees in the Stork Affair Department, no transfer of shares was reported by the directors of the Company during the closure period.</p>	
<p>III. Composition and Responsibilities of the Board of Directors</p> <p>(I) Has the Board of Directors drawn up policies and specific targets on diversity of its members and</p>	V		1. Policy on Board diversity	No significant deviation

Evaluation Item	Implementation Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
implemented them?			<p>According to Article 20 of the Company's Corporate Governance Best Practice Principles, diversity shall be considered in the composition of the Company's Board of Directors, and members of the Board of Directors shall possess the knowledge, skills and qualities required to perform their duties. To achieve the ideal goals of corporate governance, the Board of Directors shall possess the following abilities:</p> <ol style="list-style-type: none"> <li>(1) Operational judgment.</li> <li>(2) Ability to conduct accounting and financial analysis.</li> <li>(3) Business management ability.</li> <li>(4) Crisis management ability.</li> <li>(5) Knowledge of the industry.</li> <li>(6) An understanding of international markets.</li> <li>(7) Leadership skills.</li> <li>(8) Decision-making ability.</li> </ol> <p>In addition to the eight competencies above, the Company has also added two professional abilities, namely legal capability and environmental protection for the diversification of the board members by taking into consideration the growing importance of global issues concerning corporate governance and environmental protection at present. At present, existing members of the Board of Directors possess the knowledge, skills, and qualities required to perform their duties, and specialize in professional areas including accounting and finance, international markets, law and</p>	

Evaluation Item	Implementation Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			<p>environmental protection.</p> <p>2. Targets of Board diversity</p> <p>In order to bring in external talents to the Board of Directors and achieve the targets of Board diversity, the number of independent directors has been increased from 3 to 4 in the current Board, and they were elected on May 30, 2022. Mr. Hsu, Chen-I is the new independent director with the education background of Master of Business Administration, Swiss Business School. He currently is the Chairman of TTFB and its subsidiaries, and has extensive experience in business work, which is helpful to the improvement of the quality of the review of the Board of Directors on proposals, and the achievement of the diversity policy of the members of the Board. In the future, the diversity target of the Board of Directors of the Company is to increase one director with professional experience in sustainable development to help the Company achieve its carbon reduction target and promote its green power policy. In addition, the Company has proposed to add one director with expertise in operation risk control to improve the sustainable competitiveness of the Company, perfecting the functions of the Board of Directors of the Company.</p> <p>3. Implementation status of Board diversity</p> <p>For details on the diversity of Board members, refer to the table below:</p>	



Evaluation Item	Implementation Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons																																																																																																																																		
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			<table><thead><tr><th rowspan="2">Name of Director</th><th rowspan="2">Gender</th><th colspan="10">Diversified Core Competences</th></tr><tr><th>Sound business judgments</th><th>Accounting and finance</th><th>Business management</th><th>Crisis management</th><th>Knowledge of the industry</th><th>Understanding of international</th><th>Leadership skills</th><th>Decision-making ability</th><th>Legal</th><th>Environmental protection</th></tr></thead><tbody><tr><td>Wu, Yi-Gui</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td></td></tr><tr><td>Lin, Han-Fu</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td></tr><tr><td>Wu, Pei-Ji</td><td>Male</td><td>V</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td></td></tr><tr><td>Liu, Han-Tai</td><td>Male</td><td>V</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td></td></tr><tr><td>Wu, Hung-To</td><td>Male</td><td>V</td><td></td><td>V</td><td>V</td><td></td><td></td><td>V</td><td>V</td><td></td><td></td></tr><tr><td>Li, Zu-De</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td></td><td>V</td><td>V</td><td></td><td></td></tr><tr><td>Zheng, Ying-Bin</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td></td><td>V</td><td>V</td><td></td><td>V</td></tr><tr><td>Li, Liang-Xian</td><td>Male</td><td>V</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td></tr><tr><td>Hsu, Chen-I</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td></td><td>V</td><td>V</td><td></td><td>V</td></tr></tbody></table> <p>* The Company's Directors with employee status accounted for 22% and Independent Directors with employee status accounted for 44%.</p> <p>* Five Directors are aged over 70 years old, one is aged 60 to 69, two are aged 50 to 59, and one is under 50.</p>	Name of Director	Gender	Diversified Core Competences										Sound business judgments	Accounting and finance	Business management	Crisis management	Knowledge of the industry	Understanding of international	Leadership skills	Decision-making ability	Legal	Environmental protection	Wu, Yi-Gui	Male	V	V	V	V	V	V	V	V			Lin, Han-Fu	Male	V	V	V	V	V	V	V	V		V	Wu, Pei-Ji	Male	V		V	V	V	V	V	V			Liu, Han-Tai	Male	V		V	V	V	V	V	V			Wu, Hung-To	Male	V		V	V			V	V			Li, Zu-De	Male	V	V	V	V			V	V			Zheng, Ying-Bin	Male	V	V	V	V			V	V		V	Li, Liang-Xian	Male	V		V	V	V	V	V	V		V	Hsu, Chen-I	Male	V	V	V	V			V	V		V	
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Evaluation Item	Implementation Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
(II) Has the Company voluntarily established functional committees other than the Remuneration Committee and Audit Committee that are established in accordance with the law ?	V		<p>* Four Independent Directors have not served more than three consecutive terms.</p> <p>(II) The Company has established a Remuneration Committee and an Audit Committee, and exercises its authority in accordance with its Remuneration Committee Charter and Audit Committee Charter with positive performance. The Company has voluntarily established a Corporate Sustainability Committee which exercises its authority in accordance with the Corporate Sustainability Committee Charter with favorable performance.</p>	No significant deviation
(III) Does the Company submit results of assessments to the Board of Directors and use results as the basis for the salary, remuneration, nomination, and reappointment of individual Directors?	V		<p>(III) The Company has formulated rules and procedures for evaluating the performance of the Board of Directors and conducts it annually.</p> <p>I. Performance evaluation of the board of directors and its members</p> <ol style="list-style-type: none"> <li>1. The Company passed the Rules Governing the Performance Evaluation of the Board of Directors in November 2019, stipulating that the performance evaluation of the Board of Directors and individual Directors shall be executed at the end of each year.</li> <li>2. The Secretariat of the Board is responsible for the execution of the performance evaluation of the entire Board of Directors and individual Directors which shall be conducted based on an internal self-evaluation. The results of performance assessments are used as basis for the Company's</li> </ol>	No significant deviation

Evaluation Item	Implementation Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons														
	Yes	No	Summary															
			<p>review and improvement and as reference in determining remuneration for individual Directors, their nomination and additional office term.</p> <p>3. The Company completed the performance evaluation in January 2023 for the evaluation period from January 1 to December 31, 2022. The below summarizes the evaluation result:</p> <p>(1) Overall performance of the Board of Directors</p> <table><tr><th>Performance aspect</th><th>Score (Note)</th><th>Evaluation results and additional explanation:</th></tr><tr><td>Participation in Company operations</td><td>4.67</td><td rowspan="5">1. The overall evaluation result of the Board of Directors shows that the average score of the five aspects is above 4.6, which is a good evaluation result. 2. In the past year, the international situation has been volatile, with the war between Russia and Ukraine and the COVID-19 continuing to affect the Company's business. In view of the uncertainties of the future political and economic situation, the Board of Directors and the management should pay attention to the challenges and risks faced by the Company at all times and urgent all responsible units to propose measures in a timely manner. In addition, in order to achieve the goal of sustainable development, the Company will continue reduce carbon emission and plan green power solutions in order to meet international standards.</td></tr><tr><td>Improvement of the quality of the Board of Directors' decision making</td><td>5.00</td></tr><tr><td>Composition and structure of the Board of Directors</td><td>5.00</td></tr><tr><td>Election and continuous education of Directors</td><td>4.67</td></tr><tr><td>Internal control</td><td>5.00</td></tr></table>	Performance aspect	Score (Note)	Evaluation results and additional explanation:	Participation in Company operations	4.67	1. The overall evaluation result of the Board of Directors shows that the average score of the five aspects is above 4.6, which is a good evaluation result. 2. In the past year, the international situation has been volatile, with the war between Russia and Ukraine and the COVID-19 continuing to affect the Company's business. In view of the uncertainties of the future political and economic situation, the Board of Directors and the management should pay attention to the challenges and risks faced by the Company at all times and urgent all responsible units to propose measures in a timely manner. In addition, in order to achieve the goal of sustainable development, the Company will continue reduce carbon emission and plan green power solutions in order to meet international standards.	Improvement of the quality of the Board of Directors' decision making	5.00	Composition and structure of the Board of Directors	5.00	Election and continuous education of Directors	4.67	Internal control	5.00	
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Evaluation Item	Implementation Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons																
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			<p>Note: Evaluation scores are on a scale of 0 to 5, with a maximum of 5 points.</p> <p>(2) Board member performance</p> <table border="1"> <thead> <tr> <th>Performance aspect</th> <th>Score (Note)</th> <th>Evaluation results</th> </tr> </thead> <tbody> <tr> <td>Understanding of the Company's goals and tasks</td> <td>4.85</td> <td rowspan="6">The Director's self-evaluation result shows that the average score of the six aspects is above 4.6, which is a good evaluation result</td> </tr> <tr> <td>Understanding of the Director's responsibilities</td> <td>4.80</td> </tr> <tr> <td>Participation in Company operations</td> <td>4.67</td> </tr> <tr> <td>Management and communication of the internal relations</td> <td>4.78</td> </tr> <tr> <td>Expertise and continuing education of the Directors</td> <td>4.81</td> </tr> <tr> <td>Internal control</td> <td>4.70</td> </tr> </tbody> </table> <p>Note: Evaluation scores are on a scale of 0 to 5, with a maximum of 5 points.</p> <p>4.The results of the performance evaluation of the entire Board of Directors and director members are reported to the Board meeting in the first quarter of 2023.</p> <p>II. Performance evaluation of the Audit Committee and Remuneration Committee</p> <p>1. The Company completed the performance evaluation in January 2023 for the evaluation period from January 1 to</p>	Performance aspect	Score (Note)	Evaluation results	Understanding of the Company's goals and tasks	4.85	The Director's self-evaluation result shows that the average score of the six aspects is above 4.6, which is a good evaluation result	Understanding of the Director's responsibilities	4.80	Participation in Company operations	4.67	Management and communication of the internal relations	4.78	Expertise and continuing education of the Directors	4.81	Internal control	4.70	
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	Yes	No	Summary																									
			<p>December 31, 2022. The below summarizes the evaluation result:</p> <p>(1) Performance of the Audit Committee</p> <table border="1"> <tr> <th>Performance aspect</th> <th>Score (Note)</th> <th>Evaluation results</th> </tr> <tr> <td>Participation in Company operations</td> <td>4.88</td> <td rowspan="5">The Committee's self-evaluation result shows that the average score of the six aspects is above 4.6, which is a good evaluation result.</td> </tr> <tr> <td>Understanding of the duties of the Audit Committee.</td> <td>4.63</td> </tr> <tr> <td>Improvement of the quality of the Audit Committee' decision making.</td> <td>4.75</td> </tr> <tr> <td>Composition of the Audit Committee and selection of committee members.</td> <td>4.75</td> </tr> <tr> <td>Internal control</td> <td>4.75</td> </tr> </table> <p>Note: Evaluation scores are on a scale of 0 to 5, with a maximum of 5 points.</p> <p>(2) Performance of the Remuneration Committee</p> <table border="1"> <tr> <th>Performance aspect</th> <th>Score (Note)</th> <th>Evaluation results</th> </tr> <tr> <td>Participation in Company operations</td> <td>4.67</td> <td rowspan="3">The Remuneration Committee's self-evaluation result shows that the average score of the four aspects is</td> </tr> <tr> <td>Understanding of the Remuneration Committee's roles and responsibilities</td> <td>4.67</td> </tr> <tr> <td>Improvement in the Remuneration Committee's decision-making quality</td> <td>4.67</td> </tr> </table>	Performance aspect	Score (Note)	Evaluation results	Participation in Company operations	4.88	The Committee's self-evaluation result shows that the average score of the six aspects is above 4.6, which is a good evaluation result.	Understanding of the duties of the Audit Committee.	4.63	Improvement of the quality of the Audit Committee' decision making.	4.75	Composition of the Audit Committee and selection of committee members.	4.75	Internal control	4.75	Performance aspect	Score (Note)	Evaluation results	Participation in Company operations	4.67	The Remuneration Committee's self-evaluation result shows that the average score of the four aspects is	Understanding of the Remuneration Committee's roles and responsibilities	4.67	Improvement in the Remuneration Committee's decision-making quality	4.67	
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Evaluation Item	Implementation Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons			
	Yes	No	Summary				
(IV) Does the Company regularly evaluate the independence of CPAs?	V		<table border="1"><tr><td>Composition and member selection of the Remuneration Committee</td><td>4.67</td><td>above 4.6, which is a good evaluation result.</td></tr></table> <p>Note: Evaluation scores are on a scale of 0 to 5, with a maximum of 5 points.</p> <p>2. The results of the 2022 performance evaluation of the functional committees are reported to the Board meeting in the first quarter of 2023.</p> <p>(IV) The Audit Committee of the Company evaluates the independence and appropriateness of the CBAs by requesting their audit team to provide an "independence statement" and "audit quality indicators (AQIs)" and by evaluating the five major aspects of AQIs (including 13 indicators) in accordance with the criteria in Note 1. The Company has confirmed that the CPAs have no financial interests or business relationships with the Company other than the fees for assurance operation and financial and tax audits, and that their family members do not violate the independence requirements, and, based on the AQIs, the Company has confirmed that the CPAs and their firm are better than the industry average in terms of audit experience and the number of hours of training. In addition, the CPAs have introduced innovative audit tools, expanded their audit support center and applied cloud audit platforms to improve the auditing quality. The evaluation results of the latest year have been</p>	Composition and member selection of the Remuneration Committee	4.67	above 4.6, which is a good evaluation result.	No significant deviation
Composition and member selection of the Remuneration Committee	4.67	above 4.6, which is a good evaluation result.					

Evaluation Item	Implementation Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons																								
	Yes	No	Summary																									
			<p>discussed and approved by the Audit Committee on March 2, 2023, and submitted to the Board of Directors on the same day for approval of the evaluation of the independence and qualifications of the CPAs.</p> <p>(1) Content of independence evaluation:</p> <table> <tr> <th>Item</th> <th>Evaluation results</th> <th>Complying with independence requirements?</th> </tr> <tr> <td>1. As of the most recent assurance operation, no CPA has yet to be replaced for seven years.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>2. The CPA does not have significant financial interest in the principal.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>3. The CPA avoids any inappropriate relationship with the principal.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>4. The CPAs shall ensure the integrity, impartiality and independence of their associates.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>5. The financial statements of the service provider within two years prior to the commencement of business shall not be subject to audit.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>6. The names of the CPAs shall not be used for others.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>7. The CPA does not own any shares of the Company and its affiliated companies.</td> <td>Yes</td> <td>Yes</td> </tr> </table>	Item	Evaluation results	Complying with independence requirements?	1. As of the most recent assurance operation, no CPA has yet to be replaced for seven years.	Yes	Yes	2. The CPA does not have significant financial interest in the principal.	Yes	Yes	3. The CPA avoids any inappropriate relationship with the principal.	Yes	Yes	4. The CPAs shall ensure the integrity, impartiality and independence of their associates.	Yes	Yes	5. The financial statements of the service provider within two years prior to the commencement of business shall not be subject to audit.	Yes	Yes	6. The names of the CPAs shall not be used for others.	Yes	Yes	7. The CPA does not own any shares of the Company and its affiliated companies.	Yes	Yes	
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Evaluation Item	Implementation Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			<div>8. The CPA has not engaged in lending and borrowing of money with the Company and its affiliated companies.</div> <div>9. The CPA has not engaged in joint investment or benefit shares with the Company and its affiliated companies.</div> <div>10.The CPA does not concurrently serve as a regular employee of the Company or its affiliated companies and does not receive a fixed salary from them.</div> <div>11.The CPA is not involved in the decision-making process of the Company and its affiliated companies.</div> <div>12.The CAP has not engaged in any other business that may lead to the invalidity of his or her independence.</div> <div>13.The CPA does not have a spouse, immediate family members, or relatives within the second degree of kinship who serve in the senior management of the Company.</div> <div>14.The CPA has not collected any commission related to his/her service.</div> <div>15.To date, the CAP has not been subject to any penalties or matters that may compromise his or her independence.</div>	
			(2) Content of qualifications evaluation:	



Evaluation Item	Implementation Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons																		
	Yes	No	Summary																			
			<table><tr><th>Item</th><th>Evaluation results</th><th>Complying with qualifications requirements</th></tr><tr><td>1. professionalism</td><td>Yes</td><td>Yes</td></tr><tr><td>2. Quality control</td><td>Yes</td><td>Yes</td></tr><tr><td>3. Independence</td><td>Yes</td><td>Yes</td></tr><tr><td>4. Supervision</td><td>Yes</td><td>Yes</td></tr><tr><td>5. Innovation ability</td><td>Yes</td><td>Yes</td></tr></table>	Item	Evaluation results	Complying with qualifications requirements	1. professionalism	Yes	Yes	2. Quality control	Yes	Yes	3. Independence	Yes	Yes	4. Supervision	Yes	Yes	5. Innovation ability	Yes	Yes	
Item	Evaluation results	Complying with qualifications requirements																				
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3. Independence	Yes	Yes																				
4. Supervision	Yes	Yes																				
5. Innovation ability	Yes	Yes																				
III. Has the TWSE/TPEX listed company designated an appropriate number of qualified corporate governance personnel and appointed a corporate governance officer responsible for matters related to corporate governance (including but not limited to providing directors and supervisors with the necessary information for operation, assisting directors and supervisors in following regulations, handling matters related to Board meetings and the shareholders' meetings in accordance with the regulations, preparing minutes for Board meetings and the shareholders' meetings, etc.)?	V		IV. To protect the interests of the shareholders and strengthen the functions of the Board of Directors, the Company, following the resolution passed by the Board of Directors’ meeting on May 9, 2019, appointed the legal affairs manager Chen, Yung-Chih as the Company's Corporate Governance Officer, the highest-ranking manager responsible for corporate governance affairs. Mr. Chen, Yung-Chih has more than seven years of experience in services as a manager of a public company's legal affairs unit. His main duties include related affairs of Board meetings and shareholders' meetings, production of meeting minutes for Board meetings and shareholders' meetings, assisting Directors in taking office and continuing education, providing data required by Directors to perform their duties, and assisting Directors in legal compliance.  The focal points of implementation in 2022 are as follows: (I) Assist Directors in performing their duties, provide the	No significant deviation																		

Evaluation Item	Implementation Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			<p>necessary information, arrange continuing education for Directors, and process liability insurance policies:</p> <ol style="list-style-type: none"> <li>1. The Corporate Governance Officer compiled the latest laws and regulations related to the business areas of the Company and corporate governance, arranged discussions at the Board meetings and provided educational information to the Board members from time to time.</li> <li>2. Assisted Directors, upon request, to understand the regulations for which compliance is required for the execution of their business.</li> <li>3. Provided Directors with the necessary information of the Company. They are also provided with assistance for communicating and exchanging ideas with business managers.</li> <li>4. Assisted Independent Directors in arranging meetings with the head of internal audit or CPAs when there is a need for Independent Directors to meet them in order to understand the Company's financial operations</li> <li>5. Assisted the Company in arranging at least 6hours of continuing education courses for Board members.</li> <li>6. Verified that the Company has purchased liability insurance for Directors and key persons for Board members and reported to the Board of Directors.</li> </ol> <p>(II) Organize matters related to the proceedings of Board of</p>	

Evaluation Item	Implementation Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			<p>Directors' meetings and shareholders' meetings and confirm compliance matters of resolutions:</p> <ol style="list-style-type: none"> <li>1. Produced meeting notices and agenda for the Board of Directors; reminded Directors to recuse themselves in advance for discussions on issues that require their recusal due to conflicts of interests; produced meeting minutes within the statutory time limit.</li> <li>2. Registered the date of the shareholders' meeting in advance according to the law and prepared the meeting notice, handbook, and meeting minutes within the statutory time limit.</li> <li>3. Confirm that the organization, resolution procedures, and meeting minutes of the Board of Directors and shareholders' meeting meet related regulations and the Corporate Governance Best Practice Principles.</li> <li>4. Changed registration items.</li> </ol> <p>(III) Maintain relations with investors:</p> <p>The Company's website is updated from time to time to keep investors abreast of the Company's financial, business, and corporate governance information in order to protect shareholders' rights and interests.</p> <p>Pursuit of study for directors in 2022:</p> <p>Pursuant to Article 24 of the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the</p>	

Evaluation Item	Implementation Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons																						
	Yes	No	Summary																							
			<p>Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, a listed company shall arrange continuing professional education for its Corporate Governance Officer.</p> <p>The Corporate Governance Officer shall receive at least 12 hours of continuing education each year, except for at least 18 hours within one year for the first term commencing from the date of his/her appointment.</p> <p>In 2022, Chen, Yung-Chih, Corporate Governance Officer of the Company, had completed 43 hours of continuing education. The contents of the courses are as follows:</p> <table border="1"> <thead> <tr> <th>Date of Training</th><th>Organizer</th><th>Course Title</th><th>Number of Hours</th><th>Total training hours during the year</th></tr> </thead> <tbody> <tr> <td>2022/04/22</td><td>Taiwan Institute for Sustainable Energy Committee</td><td>Taishin 30 Sustainable Net Zero Summit Forum - Serious Net Zero for Sustainability by 2030</td><td>3</td><td rowspan="4">43</td></tr> <tr> <td>2022/04/28</td><td>Taiwan Institute for Sustainable Energy Committee</td><td>The 28th TCCS Board Meeting and CEO Seminar</td><td>2</td></tr> <tr> <td>2022/05/20</td><td>Securities and Futures Institute</td><td>Seminar on Prevention of Insider Trading in 2022</td><td>3</td></tr> <tr> <td>2022/07/14</td><td>Securities and Futures Institute</td><td>Risks and opportunities of climate change and net-zero emission policies for business operations</td><td>3</td></tr> </tbody> </table>	Date of Training	Organizer	Course Title	Number of Hours	Total training hours during the year	2022/04/22	Taiwan Institute for Sustainable Energy Committee	Taishin 30 Sustainable Net Zero Summit Forum - Serious Net Zero for Sustainability by 2030	3	43	2022/04/28	Taiwan Institute for Sustainable Energy Committee	The 28th TCCS Board Meeting and CEO Seminar	2	2022/05/20	Securities and Futures Institute	Seminar on Prevention of Insider Trading in 2022	3	2022/07/14	Securities and Futures Institute	Risks and opportunities of climate change and net-zero emission policies for business operations	3	
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Evaluation Item	Implementation Status (Note)						Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary				
			2022/07/27	Taiwan Stock Exchange Co., Ltd.	Promotion of Industry Topics for the Sustainable Development Route	2	
			2022/07/28 ~ 2022/07/29	Taiwan Institute for Sustainable Energy Committee	2022 Net Zero and Sustainable Development Forum	7	
			2022/09/29	Taiwan Stock Exchange Co., Ltd.	2022 Reference Guide for Independent Directors and the Audit Committee on the Exercise of Powers and Functions Released and Director Advocacy Meeting	3	
			2022/10/13	Securities and Futures Institute	Introduction to the Law of Business Event Trial and Dispute over the Company's Management Rights	3	
			2022/10/14	Securities and Futures Institute	Seminar on Prevention of Insider Trading in 2022	3	
			2022/10/27	Taiwan Institute for Sustainable Energy Committee	The 13th TCCS Board Meeting and CEO Seminar	2	
			2022/11/03	Taiwan Corporate Governance Association	Fubon Insurance ESG Trends and Risk Management Seminar	3	
			2022/11/11	Securities and Futures Institute	Listed Companies - Derivatives Trading Strategies and Market Outlook Seminar	3	
			2022/11/11	Taiwan Corporate Governance Association	Highlights of TCFD Disclosure that Directors Should Be Aware Of	3	
			2022/12/16	Taiwan Corporate Governance Association	How Companies Can Effectively Manage Risks	3	

Evaluation Item	Implementation Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
IV. Has the Company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers)? Has a stakeholders' section been established in the Company's website and are major corporate social responsibility topics that the stakeholders are concerned with addressed appropriately by the Company?	V		The Company has set up a stakeholders' section under the sustainable development section on its website, which features contact information as channels of communication. We have also assigned dedicated personnel to take charge of the collection and disclosure of Company information and implemented a spokesperson system. Communication can be performed through interviews, telephone calls, or dedicated mailboxes. The details of communication with all stakeholders are reported to the Board of Directors on a yearly basis. The channel of communication with stakeholders, communication topics, and replies in 2021 were submitted to the Board of Directors on August 3, 2022. (Disclosure on the Company's website: <a href="https://www.cgpc.com.tw/ESG/tw/vision.aspx">https://www.cgpc.com.tw/ESG/tw/vision.aspx</a> )	No significant deviation
V. Has the company commissioned a professional shareholder services agency to handle shareholders' meetings and other relevant affairs?		V	The Company takes charge of its own stockholder affairs and handles matters related to shareholders' meetings in accordance with the law.	The Company handles its own shares-related affairs to ensure quality and efficiency.
VI. Information disclosure (I) Has the company established a website to disclose information on financial operations and corporate governance? (II) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel	V	V	(I) The Company has set up a website and regularly discloses company information. <a href="https://www.cgpc.com.tw/zh-tw/dirServices/frmServices.aspx">https://www.cgpc.com.tw/zh-tw/dirServices/frmServices.aspx</a> (II) The Company has appointed specific personnel to take charge of the collection and disclosure of company information and has implemented a spokesperson system.	No significant deviation  No significant deviation

Evaluation Item	Implementation Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
<p>to collect and disclose Company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)?</p> <p>(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified deadline?</p>	V		<p>(III) The Company has not yet published and reported the annual financial report within two months after the end of a fiscal year, but we have published and reported the quarterly financial reports, monthly revenue, and information on endorsements and guarantees before the specified deadline.</p>	No significant deviation
<p>VII. Has the company provided important information to better understand the state of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, progress of training of directors and supervisors, risk management policy, and implementation of risk impact standards, implementation of customer policies, and the company's purchase of liability insurance for its directors and supervisors)?</p>	V		<p>The Company compiles the ESG Report each year to disclose information on employee rights, employee care, investor relations, supplier relations, stakeholder rights, Directors' training records, the implementation of risk management policies and risk evaluation measures, and the implementation of customer policies, which are completed before June 30 each year and disclosed at the website of the Company (ESG Report): (<a href="https://www.cgpc.com.tw/ESG/tw/ESG-Report.aspx">https://www.cgpc.com.tw/ESG/tw/ESG-Report.aspx</a>) and M.O.P.S.: (<a href="https://mops.twse.com.tw/mops/web/t100sb11">https://mops.twse.com.tw/mops/web/t100sb11</a>).</p>	No significant deviation
<p>VIII. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved. (Leave blank if the Company was not evaluated):</p> <p>Completed improvements:</p>				

Evaluation Item	Implementation Status (Note)			Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
(I) The financial report was approved by the Audit Committee and reported to the Board of Directors for resolution. (II) The annual report was uploaded 18 days before the annual shareholders' meeting. (III) The Company disclosed the professional qualifications and experience of the Audit Committee members on its website or in the annual report. Annual shareholders’ meeting will be held by the end of May. (IV) Prepare the English ESG Report. Prioritized items for improvement:				

Note: Regardless of whether "Yes" or "No" is selected, provide a brief description in the Summary column.





(IV) If the company has established a remuneration committee or member nomination committee, the composition and operations of the committee shall be disclosed:

The Company's Remuneration Committee was officially established on December 28, 2011, and the composition, duties, and operations of the committee are as follows:

1. Information regarding the members of the Remuneration Committee:  
December 31, 2022

Criteria (Note 1) Title \ Name		Professional qualifications and experience (Note 2)	Status of independence (Note 3)	Number of publicly listed companies in which the member concurrently serves as a remuneration committee member
Independent Director (Convener)	Zheng, Ying-Bin	Zheng, Ying-Bin is currently the Chairman of Long Chen Paper (China) Holding, and has experience in the professional field of corporate operation and management.	Not having any of the situations set forth in Article 3, Paragraph 1 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies two years before being elected or during the term of office.	0
Independent Director	Li, Zu-De	Li, Zu-De used to serve as the Chairman of Taipei Medical University of USI and is currently the Vice Chairman of Diamond Biotechnology Investment Co., Ltd., and has the experience in the professional field of corporate operation and management.		1
Independent Director	Li, Liang-Xian	Li, Liang-Xian once served as the General Manager of the Chemicals and Special Chemicals Department in Greater China of Dow Chemical (U.S.A.) and has extensive relevant experience and professional qualifications.		0

Notes 1: On the form, please specify the relevant years of service, professional qualifications, experience, and independence of the members of the Remuneration Committee. For Independent Directors, the Company may add a note for referring to Table 1, Information on Directors and Supervisors (I), on page OO. For the job title, please identify whether the person is an Independent Director or other (if he/she is the convener, please add a note).

Notes 2: Professional qualifications and experience: Specify the qualifications and experience of each member of the Remuneration Committee.

Notes 3: Status of independence: Specify the status of independence of the members of the Remuneration Committee, including but not limited to whether they, their spouses, and relatives within second degree of kinship are serving as Directors, Supervisors, or employees of the Company or its affiliated companies; the number of shares held and shareholding percentage by the members, spouses, and relatives within second degree of kinship (or held in the names of other persons); whether the member is a Director, Supervisor, or employee of a company that has a specific relationship with the Company (refer to the provisions of Article 6, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); and the amount of remuneration received for providing business, legal, financial, accounting, and other services to the Company or its affiliates in the last two years.

Notes 4: For disclosure methods, please refer to the best practice examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange Corporation.

2. Operations of the Remuneration Committee:

- (1) The Company's Remuneration Committee consists of three (3) members.
- (2) The term of office: June 2, 2022 to May 29, 2025. The Remuneration Committee convened three (3) meetings (A) in the most recent year. The qualifications and attendance of members are as follows:

Title	Name	Number of Attendance in Person (B)	Number of attendance by proxy	Percentage of attendance in person (%) (B/A) (Note)	Remark
Convener	Zheng, Ying-Bin	3	0	100%	
Member	Li, Zu-De	3	0	100%	
Member	Li, Liang-Xian	3	0	100%	
Other matters to be noted:					
I. If the Board of Directors rejects or amends the suggestions of the Remuneration Committee, state the date and session of the Board Meeting, the content of the proposal, the Board's resolution, and the way the Remuneration Committee's opinions were handled (describe the differences and reasons, if any, should the Board of Directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): Not applicable.					
II. If a member opposes a resolution the Remuneration Committee has adopted or has reservations with a written record or a statement, specify the date and session of the meeting, the content of the proposal, opinions of all the members, and how the opinions were handled: Not applicable.					

Note:

1. Where a member of the Remuneration Committee resigns before the end of the fiscal year, the Remark column shall be filled with the member's resignation date, whereas his/her rate of attendance in person (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.
2. If members of the Remuneration Committee are re-elected before the end of the fiscal year, incoming and outgoing members shall be listed accordingly, and the Remark column shall indicate whether the status of a member is "outgoing", "incoming", or "re-elected", and the date of re-election. The rate of attendance in person (%) is calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

3. Information regarding the members and operations of the Member Nomination Committee: Not applicable.

(V) Promoting the Implementation of Sustainable Development and Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
I. Has the Company established and promoted a sustainable development governance structure and set up a dedicated (or part-time) unit for the promotion of sustainable development, and has the Board of Directors authorized the senior managers to handle relevant issues and does the Board of Directors supervise the state of affairs with respect to the preceding? (Implementation status shall be filled in for listed companies without compliance or explanation.)	V		<p>The Company has set up a “ESG Committee”. They are the highest-governing body for making sustainable development strategies in the Company. It is chaired by an independent director who reviews the Company's competitiveness and value of sustainability with several senior managers from different fields. They take this as the foundation of sustainable development strategy and promote various sustainable improvement issues such as governance, environment, and society, and formulate mid- and long-term sustainable development plans.</p> <p>The Committee established three work groups including the “Corporate Governance Work Group”, “Environmental Protection Work Group”, and “Social Relationship Work Group”. They identify sustainable issues related to the company’s operations and stakeholders’ concerns, formulate corresponding strategies and work policies, review sustainable development related budgets submitted by each unit, plan and implement annual plans, and follow up on the implementation results to ensure the sustainable development strategy is fully implemented in the company's daily operations</p> <p>The Company’s management team regularly reports to the Board of Directors (including ESG reports). Personnel from the management level shall formulate and submit the company’s strategies to the Board of Directors. The Board of Directors shall guide the business of the Company based on these strategies,</p>	Equivalent to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies



Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>regularly review their progress, and urge the management team to make adjustments if necessary.</p> <p>Main duties of the ESG Committee are as follows:</p> <ol style="list-style-type: none"> <li>1. Determine the sustainable development policy.</li> <li>2. Outlining the sustainable development strategy, annual plan, and project plans.</li> <li>3. Supervising sustainable development strategies, the implementation of the annual plan and project plans, and evaluating the implementation.</li> <li>4. Reviewing and approving the ESG Report.</li> <li>5. Reporting the implementation of sustainable development activities to the Board of Directors each year.</li> <li>6. Other matters to be conducted by the committees per Board resolution.</li> </ol> <p>The Committee shall report the implementation of sustainable development activities to the Board of Directors at least twice a year. ESG Committee held two meetings on March 9, 2022 and August 3, 2022 to report to the Board of Directors. The ESG Committee reported the concerns of the core stakeholders, communication channels and actual implementation status to the Board of Directors in 2022.</p> <p>Note: On March 9, 2022, the Corporate Social Responsibility Committee was renamed ESG Committee, and the Procedures for the Organization of the Social Responsibility Committee was renamed as Corporate Sustainability Committee Charter.</p> <p>Please refer to:</p>	

Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			1. ESG Report: <a href="https://www.cgpc.com.tw/ESG/tw/ESG-Report.aspx">https://www.cgpc.com.tw/ESG/tw/ESG-Report.aspx</a> ; 2. ESG Committee Minutes: <a href="https://www.cgpc.com.tw/ESG/tw/vision.aspx">https://www.cgpc.com.tw/ESG/tw/vision.aspx</a>	
II. Has the company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or strategies? (Note 2) (Implementation status shall be filled in for listed companies without compliance or explanation.)	V		<p>For the risk assessment scope of the Company, the risk assessment boundary is mainly based on the Company, including subsidiaries Taiwan VCM Corporation (referred to as TVCM) and CGPC Polymer Corporation’s (referred to as CGPC) important information such as business performance, environment, employees, and social welfare. Foreign subsidiary Continental General Plastics (ZhongShan) Co., Ltd. has been dissolved by the resolution of the Board of Directors in October 2011, and is currently in the process of dissolution. In addition, for the time being, the subsidiary CGPC America Corporation will not disclose important information on the environment and employees as it is independently managed by foreign subsidiaries.</p> <p>To strengthen corporate governance, reduce possible operating risk and ensure the stable operation and sustainable development, the Company's Audit Committee and the Board of Directors passed the Risk Management Policy and Procedures in December 2020. The Risk Management Policy and Procedures consist of risk management policy, organization of risk management, risk management process, risk management category, and mechanism, effectively controlling the risks arising from business activities. The risk management operations are reported to the Audit Committee and the Board of Directors at least once a year.</p>	Equivalent to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies



Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>Kept an eye on the development of international and domestic risk management systems to review and improve risk management policies accordingly, so as to address short-, medium- and long-term risks such as operational risks, regulatory risks, climate change and environmental risks, disaster and incident risks and financial risks. The Company constantly adjusted and improved the best risk management methods in response to changes in the internal and external environment, so as to enhance the effectiveness of the Company's risk management implementation.</p> <p>At present, specific issues or important risks are evaluated and countermeasure strategies are formulated by each executive and responsible unit. The Auditing Division regularly tracks the results of the countermeasure plans and reports them in the internal control self-inspection meeting for timely correction and improvement in order to implement the PDCA cycle to enhance risk management operations to protect the interests of the Company, employees, shareholders and stakeholders Please refer to: the annual report, (15) Notes to responding to environmental, social, and corporate governance risks, ESG page: <a href="https://www.cgpc.com.tw/ESG/tw/risk-management.aspx">https://www.cgpc.com.tw/ESG/tw/risk-management.aspx</a>.</p>	

Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
<p>III. Environmental Issues</p> <p>(I) Has the company established an appropriate environmental management system based on the characteristics of the industry to which it belongs?</p>	V		<p>(I)</p> <p>The Company has established comprehensive environmental management and regulation systems, which are jointly implemented and promoted by the Labor Safety Office and related departments.</p> <p>Both CGPC Toufen Plant and its subsidiary Linyuen Plant have obtained the ISO 14001 environmental management system certification to provide a good environmental protection structure, reduce the impact of accidents on the environment, and comply with laws and regulations.</p> <p>Greenhouse gas inventory is carried out every year according to ISO14064-1 standards to track the effectiveness of emission reduction and publicly disclose it in the ESG Report and on the Company's website.</p> <p><a href="https://www.cgpc.com.tw/ESG/tw/air-pollution.aspx">https://www.cgpc.com.tw/ESG/tw/air-pollution.aspx</a>,  <a href="https://www.cgpc.com.tw/zh-tw/dirProduct/fmProduct.aspx">https://www.cgpc.com.tw/zh-tw/dirProduct/fmProduct.aspx</a>,  <a href="https://www.cgpc.com.tw/ESG/tw/ESG-Report.aspx">https://www.cgpc.com.tw/ESG/tw/ESG-Report.aspx</a>,  <a href="https://www.cgpc.com.tw/PDF/Product/ISO%2014001;2015_Certificate.pdf">https://www.cgpc.com.tw/PDF/Product/ISO%2014001;2015_Certificate.pdf</a>,  <a href="https://www.cgpc.com.tw/PDF/Product/ISO14064-1_GreenhouseGasVerificationStatement_C_2021.pdf">https://www.cgpc.com.tw/PDF/Product/ISO14064-1_GreenhouseGasVerificationStatement_C_2021.pdf</a></p>	Equivalent to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
<p>(II) Is the company committed to improving the efficiency of utilizing various resources and using recycled materials with low impacts on the environment?</p>	V		<p>(II)</p> <p>The Company actively promotes various energy reduction measures. Regarding the manufacturing process, we use big data and artificial intelligence to find the optimum efficiency and select high-energy efficiency equipment to replace the old ones.</p>	



Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons								
	Yes	No	Summary									
			<p>We also reduce the product’s energy consumption, install renewable energy and plan procurements to optimize the efficiency of energy use.</p> <p>In early 2022, the Company set a carbon reduction target of "reducing carbon emissions by 27% in 2030 compared to 2017" and continued to track international trends and national policies and regulations to conduct dynamic reviews and plan relevant action plans from the plant. The factory plans the related action plans and responses. To effectively manage energy performance and continuously improve it, we encourage the factory to establish ISO 50001 energy management system, and continue to carry out energy conservation and carbon reduction actions, hoping to exert influence and reduce environmental impact.</p> <p>■ Actual achievements of electricity conservation in 2022</p> <table><tr><th>Item</th><th>Electricity Conservation (Goals: 1%)</th></tr><tr><td>CGPC (Toufen Plant)</td><td>0.87%</td></tr><tr><td>TVCM (Linyuan Plant)</td><td>1.74%</td></tr><tr><td>CGPCPOL (Linyuan Plant)</td><td>3.03%</td></tr></table> <p>Explanation:</p> <p>1. The source of the information is the Bureau of Energy’s annual energy users energy conservation audit system registration form.</p> <p>2. Description of failure rate: CGPC due to operational completed few equipment improvement projects in 2022</p>	Item	Electricity Conservation (Goals: 1%)	CGPC (Toufen Plant)	0.87%	TVCM (Linyuan Plant)	1.74%	CGPCPOL (Linyuan Plant)	3.03%	
Item	Electricity Conservation (Goals: 1%)											
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Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons																														
	Yes	No	Summary																															
			<p>and will continue to replace old equipment with new ones in the future. The two plants of TVCM and CGPCPOL achieved the electricity conservation rate targets.</p> <p>■ 2022 Carbon Reduction Pathway Planning Unit: (MT/CO2e)</p> <table><tr><th>Item</th><th>Baseline year scope 1 and 2 in 2017</th><th>Actual achievement scope 1 and 2 in 2020</th><th>Actual achievement scope 1 and 2 in 2021</th><th>Actual achievement scope 1 and 2 in 2022</th><th>Target scope 1 and 2 in 2030</th></tr><tr><td>CGPC (Toufen Plant)</td><td>150,575</td><td>131,737</td><td>137,852</td><td>118,784</td><td>109,920</td></tr><tr><td>TVCM (Linyuan Plant)</td><td>210,713</td><td>173,360</td><td>199,173</td><td>186,186</td><td>153,821</td></tr><tr><td>CGPCPOL (Linyuan Plant)</td><td>49,292</td><td>45,065</td><td>48,595</td><td>41,904</td><td>35,984</td></tr><tr><td>Total</td><td>410,580</td><td>350,162</td><td>385,620</td><td>346,874</td><td>299,725</td></tr></table> <p>Note:</p> <p>1. Scope 1: Major emission sources include natural gas, steam coal, and diesel. Scope 2: Includes power and steam purchased from external sources. Scope 3: This year is not included in the calculations of emissions.</p> <p>2. The greenhouse gas emissions of CGPC (Toufen Plant) have been checked in accordance with ISO 14064-1:2018 since 2011 and are expected to be confirmed by a third</p>	Item	Baseline year scope 1 and 2 in 2017	Actual achievement scope 1 and 2 in 2020	Actual achievement scope 1 and 2 in 2021	Actual achievement scope 1 and 2 in 2022	Target scope 1 and 2 in 2030	CGPC (Toufen Plant)	150,575	131,737	137,852	118,784	109,920	TVCM (Linyuan Plant)	210,713	173,360	199,173	186,186	153,821	CGPCPOL (Linyuan Plant)	49,292	45,065	48,595	41,904	35,984	Total	410,580	350,162	385,620	346,874	299,725	
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Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>party in May 2012.</p> <p>3. Since 2021, the greenhouse gas emissions of TVCM (Linyuan Plant) have been inventoried according to ISO 14064-1:2018 and verified by a third-party organization.</p> <p>4. Since 2021, the greenhouse gas emissions of CGPCPOL (Linyuan Plant) have been inventoried in accordance with ISO 14064-1:2018 and verified by a third-party organization. Due to the error of the electricity consumption data, the plant corrected the scope 2 data independently.</p> <p>5. CGPC Polymer Corporation and Taiwan VCM Corporation the greenhouse gas emissions data of companies for 2022 are all self-checked data, data to be published on the website after obtaining third-party verification, and updated in the next annual report.</p> <p>6. Please refer to the 2022 ESG Report.</p> <p>■ Recycling Instructions:</p> <p>The Company attaches great importance to resource use efficiency, seeks waste reduction and develops recycling technologies, and reduces the negative impact of business activities on the environment. In the upstream and downstream of the value chain, we work together to recycle and share packing materials and actively implement recycling of recycled materials.</p> <p>1. Circular economy (internal circulation): pure water recovery and reuse, conversion of surplus materials, renewable energy, recovery, and reuse of waste heat and condensed water, waste reduction... etc.</p>	

Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>2. Circular economy (external circulation): cartons, paper bags, PE bags, equipment replacement... and other work.</p> <p>■ GRS verification has been obtained</p> <p>In response to the trend of net zero carbon emission, brand manufacturers have proposed the use of recycled materials policy materials in their products, and our Company started to establish the GRS (Global Recycling Standard) certification in March 2022, and passed the examination and certification on December 29, 2022, and obtained the GRS certificate on January 4, 2023.</p> <p>Currently, TPU and TPO recycled material products (brand requirements first) are certified, other products could be added to annual certification subsequently, and It will be helpful for the business to win orders for recycled materials products.</p> <p>(GRS certificate link:<a href="https://www.cgpc.com.tw/PDF/Product/GRS%204.0-Certificate.pdf">https://www.cgpc.com.tw/PDF/Product/GRS%204.0-Certificate.pdf</a>)</p> <p>■ Others:</p> <p>Four new patent applications were filed and approved in 2022:</p> <ol style="list-style-type: none"> <li>1. Fully recyclable synthetic leather structure: Patent No. M630391.</li> <li>2. Slow warming leather structure: Patent No. M631078.</li> <li>3. Leather structure with anti-scratch and anti-fouling functions: New type No. M636680.</li> <li>4. Anti-viral coating structure: New type No. M636340.</li> </ol> <p>(For certificates, please refer to the official website:</p>	



Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
(III) Has the company assessed the present and future potential risks and opportunities of climate change for the entity, and taken measures to respond to climate-related issues?	V		<p><a href="https://www.cgpc.com.tw/zh-tw/dirProduct/frmProduct.aspx">https://www.cgpc.com.tw/zh-tw/dirProduct/frmProduct.aspx</a>). For above information, please refer to the 2022 ESG Report.</p> <p>(III) CGPC’s Sustainable Development Committee is the highest governing body for climate change management. It is chaired by an independent director. He/she reviews the company's climate change strategy and goals, manages climate change risks and opportunities, reviews the implementation, and reports to the Board of Directors every year.</p> <p>To fulfill CGPC’s commitment to sustainable operation, the Company continues to manage related risks and response strategies and measures for climate change. In addition to compliance with the energy conservation and carbon emission reduction targets established by the USI Group, the Company also evaluates the Company’s risks and opportunities of climate change according to the TCFD (it is planned to restart the complete evaluation every 3 years and review updates every year. The latest assessment is completed in 2021). The TCFD methodology is used to identify transformation risks and physical risks in operations and identify 5 major risk items and 7 major opportunity items. With regard to emerging opportunities brought forth by climate change, we divided the occurrence time in 2020. We shall continue to review response measures each year and create a resilient climate change culture. We also evaluated possible financial impacts and provided a detailed explanation of countermeasures analysis, which is disclosed in the company's ESG Report.</p>	

Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons																															
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(IV) Has the company calculated its GHG emissions, water consumption, and total waste weight in the past two years, and formulated policies for reductions of GHG, and water consumption, or other waste management?	V		<p>Please refer to the 2022 ESG Report or website for a detailed description of the potential financial impact analysis and the results of the implementation of the related countermeasures. (Website: <a href="https://www.cgpc.com.tw/ESG/tw/ESG-Report.aspx">https://www.cgpc.com.tw/ESG/tw/ESG-Report.aspx</a> 、 <a href="https://www.cgpc.com.tw/ESG/tw/climate-change.aspx">https://www.cgpc.com.tw/ESG/tw/climate-change.aspx</a> and Refer to the annual report: 7. Review and Analysis of Financial Position and Performance and Risk Items 6. Risk analysis and assessment (14) The Company's operations, finance, supply chain, policy, and investment decisions affected by climate change.</p> <p>(IV) The plan for the greenhouse gas inventory and confirmation organized by CGPC's Toufen Plant and subsidiaries according to ISO 14064-1 is as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">Company</th><th>CGPC</th><th>TVCM</th><th>CGPCPOL</th></tr> </thead> <tbody> <tr> <td rowspan="3">Inventory</td><td>Inventory scope</td><td>CGPC Toufen Plant + Taipei Office</td><td>TVCM Yuanlin Plant + Taipei Office + China General Terminal and Distribution Corporation</td><td>CGPCPOL Linyuan Plant</td></tr> <tr> <td>Data period</td><td>Greenhouse gas emission in 2022</td><td>Greenhouse gas emission in 2022</td><td>Greenhouse gas emission in 2022</td></tr> <tr> <td>Data time</td><td>February 2023</td><td>May 2023</td><td>September 2023</td></tr> <tr> <td rowspan="3">Verification</td><td colspan="2">Company</td><td>CGPC</td><td>TVCM</td></tr> <tr> <td>Verification unit</td><td>SGS verification</td><td>SGS verification (Linyuan Plant) Commodity inspection center (Taipei + China General Terminal and Distribution Corporation)</td><td>AFNOR</td></tr> <tr> <td>Verification time</td><td>May 2023</td><td>July 2023</td><td>October 2023</td></tr> </tbody> </table>	Company		CGPC	TVCM	CGPCPOL	Inventory	Inventory scope	CGPC Toufen Plant + Taipei Office	TVCM Yuanlin Plant + Taipei Office + China General Terminal and Distribution Corporation	CGPCPOL Linyuan Plant	Data period	Greenhouse gas emission in 2022	Greenhouse gas emission in 2022	Greenhouse gas emission in 2022	Data time	February 2023	May 2023	September 2023	Verification	Company		CGPC	TVCM	Verification unit	SGS verification	SGS verification (Linyuan Plant) Commodity inspection center (Taipei + China General Terminal and Distribution Corporation)	AFNOR	Verification time	May 2023	July 2023	October 2023	
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Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons																																							
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			<div>■ The plan for carbon footprint inspection and confirmation organized by CGPC’s Toufen Plant and subsidiaries according of the introducing ISO 14067 is as follows:</div> <table><tr><th colspan="2">Company</th><th>CGPC</th><th>TVCM</th><th>CGPCPOL</th></tr><tr><td rowspan="3">Inventory</td><td>Inventory scope</td><td>PVC resin film/sheet CSM7430F04A0200 PVC leather CFBBYMS10000TPE Ammonia-based products: CTJG260000000000</td><td>VCM</td><td>H61 (25Kg /package)</td></tr><tr><td>Data period</td><td>2021</td><td>2022</td><td>2022</td></tr><tr><td>Data time</td><td>March 2023</td><td>May 2023</td><td>September 2023</td></tr><tr><td rowspan="2">Verification</td><td>Verification unit</td><td>BSI verification</td><td>SGS verification</td><td>AFNOR</td></tr><tr><td>Verification time</td><td>July 2023</td><td>December 2023</td><td>November 2023</td></tr></table> <div>■ CGPC, CGPCPOL and TVCM have passed ISO 50001 certification.</div> <div>■ Greenhouse gas emissions</div> <table><tr><th colspan="2">Volume of greenhouse gas emission</th><th>Unit: 10,000 tons of CO<sub>2</sub>e</th></tr><tr><th>Year</th><th>Scope 1</th><th>Scope 2</th></tr><tr><td>2021</td><td>16.89</td><td>21.67</td></tr><tr><td>2022</td><td>16.16</td><td>18.53</td></tr></table>	Company		CGPC	TVCM	CGPCPOL	Inventory	Inventory scope	PVC resin film/sheet CSM7430F04A0200 PVC leather CFBBYMS10000TPE Ammonia-based products: CTJG260000000000	VCM	H61 (25Kg /package)	Data period	2021	2022	2022	Data time	March 2023	May 2023	September 2023	Verification	Verification unit	BSI verification	SGS verification	AFNOR	Verification time	July 2023	December 2023	November 2023	Volume of greenhouse gas emission		Unit: 10,000 tons of CO <sub>2</sub> e	Year	Scope 1	Scope 2	2021	16.89	21.67	2022	16.16	18.53	
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	Yes	No	Summary																																			
			<p>Note:</p> <p>1. Scope3: This year has not been included in the calculation.</p> <p>2. The calculation adopts the operation control method, the GWP value adopts the IPCC 2007 edition, and the emission coefficient adopts the coefficient announced by the Environmental Protection Agency. (The carbon emission coefficient of electricity adopts the coefficient of the Energy Bureau)</p> <p>3. Taiwan VCM Corporation the 2021 year greenhouse gas emissions were revised, because the inventory data was obtained after the declaration, so it was revised.</p> <p>4. CGPC Polymer Corporation the correction of greenhouse gas emissions in 2020 is the correction of the CO2e emission coefficient of purchased steam (Taiwanese).</p> <p>5. Same as the description of carbon reduction path planning.</p> <p>■ Emission intensity per unit product (ton CO2e/ton)</p> <table><tr><th>Company</th><th>Product</th><th>2021</th><th>2022</th><th>Goals</th><th>Achievement Status</th></tr><tr><td rowspan="3">CGPC</td><td>PVC resin</td><td>0.245</td><td>0.202</td><td>0.248</td><td>Achieved</td></tr><tr><td>Chlor-alkali products</td><td>1.318</td><td>1.302</td><td>1.366</td><td>Achieved</td></tr><tr><td>Processed Products</td><td>0.436</td><td>0.452</td><td>0.455</td><td>Achieved</td></tr><tr><td>TVCM</td><td>VCM</td><td>0.444</td><td>0.446</td><td>0.446</td><td>Achieved</td></tr><tr><td>CGPCPOL</td><td>PVC resin</td><td>0.231</td><td>0.226</td><td>0.234</td><td>Achieved</td></tr></table> <p>Note:</p>	Company	Product	2021	2022	Goals	Achievement Status	CGPC	PVC resin	0.245	0.202	0.248	Achieved	Chlor-alkali products	1.318	1.302	1.366	Achieved	Processed Products	0.436	0.452	0.455	Achieved	TVCM	VCM	0.444	0.446	0.446	Achieved	CGPCPOL	PVC resin	0.231	0.226	0.234	Achieved	
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Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons								
	Yes	No	Summary									
			<p>1. Calculation formula = total greenhouse gas emissions by product (ton CO2e) / total output by product (ton).</p> <p>2. CGPC amendments to Chlor-alkali in 2021, which are changes in production statistics (consistent with energy declarations).</p> <p>3. Taiwan VCM Corporation cted VCM products in 2021 cause the inventory data was obtained after the declaration.</p> <p>4. The 2022 year target revision setting is based on the average value of product-specific emission intensities from 2019 to 2021. It is expected that the target will be revised after the 2025 year review.</p> <p>5. Taiwan VCM Corporation CGPC Polymer Corporation Geenhouse gas emissions are all data to be confirmed, and will be published on the website after obtaining confirmation from a third party, and will be updated in the next annual report.</p> <p>At the beginning of 2022, CGPC set the carbon reduction target for 2030 of reducing carbon emissions by 27% in 2030 compared to 2017 (compliance with the ratio set by USI Group) to continue tracking the international trend and national policies and regulations for dynamic review. The Company will introduce the domestic and foreign standards or guidelines to implement GHG inventory and management of water resources and wastes. It is disclosed as follows:</p> <table><tr><th>Item</th><th>Note</th><th>2021</th><th>2022</th></tr><tr><td>GHG Management</td><td>The 2030 carbon reduction target is to reduce carbon emissions by 27% in 2030 compared to 2017), and the plants shall make related action plans to response. In 2022, the greenhouse gas</td><td>Verified Total Emissions are 385,620 tons</td><td>The self-checked estimated emissions are 346,874 tons</td></tr></table>	Item	Note	2021	2022	GHG Management	The 2030 carbon reduction target is to reduce carbon emissions by 27% in 2030 compared to 2017), and the plants shall make related action plans to response. In 2022, the greenhouse gas	Verified Total Emissions are 385,620 tons	The self-checked estimated emissions are 346,874 tons	
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Promotion Items	Implementation status (Note 1)						Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary				
				emission (self-inventory) has been reduced by 16% compared to the base year (2017)			
			Item	Note	2021	2022	
			Water Management	Reduced and minimized water waste, improved and replaced the equipment that consumes large quantities of water, improved water recovery, and reuse rate, and set a target to increase water recovery by 3% per year have all been achieved. Update the data of 2020 and increase the statistics of process recycling water.	Total of water recycled was 849.3 million liters	Total of water recycled was 775.7 million liters	
			Waste Disposal Management	The Company recycles waste materials and uses circular production processes and distribution models to reduce the impact of waste on the environment. We have reduced the total amount of waste each year.	Reduced 3,440.3 tons of waste	Reduced 2,858.1 tons of waste	
IV. Social issues (I) Has the Company formulated the relevant management policies and procedures in	V		(I) Human rights policy:				Equivalent to the Sustainable Development Best



Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
accordance with relevant laws and regulations and the International Bill of Human Rights?			<p>The Company has made reference to internationally recognized human rights standards including the International Bill of Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work to implement CSR and human rights protection. Besides, the Company has formulated human rights policy applicable to the Company and all USI Group's affiliates to eliminate human rights violations. In addition to providing a reasonable and safe workplace, our employees can enjoy a reasonable and dignified treatment.</p> <p>Human Rights Risks Mitigation Measures:</p> <p>The Company is committed to reasonably ensuring the safety of the employees and the working environment, respecting and protecting their dignity, promoting environmental protection in business activities, and complying with regulations and integrity. To achieve these commitments, besides upholding the integrity and respecting employees by law, we assign dedicated personnel to implement employee occupational safety and health operations by law. We also continuously promote and educate to implement human rights policies in daily life, and establish reasonable complaint channels.</p> <p>Concerns and practices for human rights:</p> <p>(1) Provide a safe and healthy working environment</p> <p>The Company has passed the evaluation and certification of ISO 14001 (environmental management system) and ISO-45001 (occupational safety and health management system) and ISO 14064-1 greenhouse gas inventory. We actively promote improvement activities</p>	Practice Principles for TWSE/TPEX Listed Companies

Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>such as energy conservation and carbon reduction, disaster prevention, and pollution prevention, and reasonably ensure a safe working environment.</p> <p>In addition to providing a safe and healthy working environment in accordance with laws and regulations, the Company has established a dedicated unit and committee for occupational safety and health and employs medical specialists and nursing personnel. We regularly conduct relevant education and training on safety and health and fire safety, and adopt necessary preventive measures to prevent occupational hazards, thereby reducing hazards of the working environment.</p> <p>(2) Prohibiting illegal discrimination to ensure equal work opportunities</p> <p>The Company implements the human rights policy in the internal control procedures. In terms of employment, remuneration and benefits, training opportunities, promotion, dismissal or retirement, and other labor rights and interests, employees and applicants can not be unfairly treated due to their race, social station, language, ideology, religion, political affiliation, place of origin, birthplace, gender, sexual orientation, age, marital status, pregnancy, appearance, facial features, physical and mental disabilities, horoscope, blood type, and other factors.</p> <p>(3) No child labor</p> <p>To ensure compliance with corporate social responsibility and ethical regulations, the Company and</p>	



Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>subsidiaries, TVCM and CGPCPOL, have explicitly prohibited child labor since the beginning of recruitment. As of the end of December 2022, the total number of employees of the three companies was 896, and the number of child laborers was 0.</p> <p>(4) (4)Forced labor prohibition</p> <p>The Company does not force or coerce any unwilling personnel to perform labor services. The daily and weekly normal working hours and extended working hours, leave, annual paid leaves and other types of leaves for employees comply with laws and regulations.</p> <p>A reminder is set when employees apply to work overtime in the attendance system. Overtime payments or compensatory leaves are provided after working overtime, and a dedicated personnel is assigned to inspect and control the working hours of the factory every month.</p> <p>Help employees maintain physical and mental health and work-life balance:</p> <p>(1) The Company provides venues or sponsored funds to encourage employees to participate in healthy activities, form their own clubs, and create emotional bonds with colleagues through club activities.</p> <p>(2) In addition to organizing activities such as year-end parties, Mid-Autumn Festival party, and solving lantern riddles to adjust employees’ minds and bodies and enhance affinity, the Company has set up fitness equipment for employees to use after work.</p>	

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			<p>(3) During the COVID-19 outbreak from 2021 to 2022, some activities and fitness facilities were suspended or not opened in order to avoid gatherings, but the HR department continued to pay attention to the physical and mental conditions of our employees and provided necessary assistance and care at any time.</p> <p>Human rights protection training practices:</p> <p>(1) Training new employees- upon arrival, it is required to conduct new employees’ education and training related to relevant regulatory compliance promotion, including: sexual harassment prevention, anti-discrimination, anti-harassment, working hour management and ensuring humane treatment.</p> <p>(2) Prevention of workplace violence- Through promotion and announcements, employees are made aware of their responsibility to assist in ensuring that there is no unlawful invasion in the workplace when performing their duties, and disclose the complaint hotline to jointly create a friendly working environment.</p> <p>(3) Occupational safety training series includes: Safety and health educational training, fire safety training, emergency response, and first aid personnel training.</p> <p>(4) Integrity and moral advocacy- Take daily behaviors and ethical standards as examples to educate and promote to provide a healthy and positive workplace culture.</p> <p>The Company continues to pay attention to human rights protection and implement relevant training to improve human</p>	

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			<p>rights protection awareness and reduce the possibility of related risks. In 2022, training related to the promotion of human rights protection were held, with a total of 3,026 participants and a total of 11,100 hours. The number of participants and the training details (including the statistics of CGPC, its subsidiaries TVCM, and CGPCPOL) are as follows:</p> <table><tr><th>Course Title</th><th>Total Participants</th><th>Total Training Hours</th></tr><tr><td>[Ethics Seminar] Insider Trading Practice Cases and Related Legal Liabilities</td><td>51</td><td>153</td></tr><tr><td>[Ethics Seminar] Protection and Reasonable Use of Patents</td><td>37</td><td>74</td></tr><tr><td>[Ethics Seminar] Internet Copyright and Legal Use of Software</td><td>6</td><td>12</td></tr><tr><td>[Ethics Seminar] Introduction and Case Analysis of Trade Secrets Act</td><td>5</td><td>15</td></tr><tr><td>[Ethics Seminar] Study on Labor Act for HR Personnel</td><td>6</td><td>18</td></tr><tr><td>[Ethics Seminar] Fair Trade Law Regulations and Case Analysis</td><td>136</td><td>408</td></tr><tr><td>[Ethics Seminar] Prevention of Workplace Abuse</td><td>161</td><td>322</td></tr><tr><td>Process Safety Training</td><td>707</td><td>3,160</td></tr><tr><td>Occupational Safety Training/ Promotion</td><td>389</td><td>692</td></tr><tr><td>Environmental Protection Training</td><td>201</td><td>1,417</td></tr><tr><td>Safety and Health On-the-job Education and Training (including on-the-job and refresher training for operations supervisors)</td><td>372</td><td>1,902</td></tr><tr><td>Emergency Response Drills</td><td>480</td><td>1,325</td></tr></table>	Course Title	Total Participants	Total Training Hours	[Ethics Seminar] Insider Trading Practice Cases and Related Legal Liabilities	51	153	[Ethics Seminar] Protection and Reasonable Use of Patents	37	74	[Ethics Seminar] Internet Copyright and Legal Use of Software	6	12	[Ethics Seminar] Introduction and Case Analysis of Trade Secrets Act	5	15	[Ethics Seminar] Study on Labor Act for HR Personnel	6	18	[Ethics Seminar] Fair Trade Law Regulations and Case Analysis	136	408	[Ethics Seminar] Prevention of Workplace Abuse	161	322	Process Safety Training	707	3,160	Occupational Safety Training/ Promotion	389	692	Environmental Protection Training	201	1,417	Safety and Health On-the-job Education and Training (including on-the-job and refresher training for operations supervisors)	372	1,902	Emergency Response Drills	480	1,325	
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	Yes	No	Summary					
(II) Has the Company established and implemented reasonable employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	V		Self-Defense and Fire Marshalling Team Training		244	976		
			Fire Safety Training/ Promotion		41	227		
			Special Operations and Cancer Screening Seminar		22	44		
			Workplace Health Promotion Seminar		151	194		
			First Aid Personnel and Occupational Health Nurse Related Education and Training		17	161		
			Total		3,026	11,100		
			Complaint System					
			The Company has a smooth complaint channel. When employees encounter various problems within the Company, they can file a complaint to all supervisors or the human resources division through the Company's complaint channel. In addition, to maintain gender equality in the workplace and provide employees and applicants with a working and service environment free from sexual harassment, there is a dedicated complaint mailbox and e-mail for sexual harassment prevention. During the period of the complaint investigation, the investigation will be handled confidentially. The name of the complainant or other relevant information sufficient enough to identify the complainant will not be disclosed to protect the complainant.					
			(II)					
			The Company has stipulated in the Articles of Incorporation that "When the business is profitable, the Company will distribute employees with the remuneration not less than 1% of the annual profit". All the employees of the Company are entitled to share the business results of the Company. In accordance with the Labor					



Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons										
	Yes	No	Summary											
			<div>Standards Act, the Company approves leaves and provides labor insurance, health insurance, group insurance of employee and dependants, employee health examination, benefit coupons for the three festivals, maternity benefits, staff canteen etc.</div> <table><tr><td>Bonus and leave system</td><td>Year-end bonus, performance bonus, full attendance bonus, meal allowance, transportation allowance, maternity allowance, and annual festival bonus. Leaves are granted in accordance with the Basic Labor Act.</td></tr><tr><td>Insurance and pension system</td><td>Labor Insurance, health insurance, employee/dependent group insurance, labor retirement contribution, and pension.</td></tr><tr><td>Promote health and activity</td><td>Regular health checkups, qualified nurses, fitness equipment and showers in each plant, basketball court, billiard room, social hall and recreation room in the dormitory area of Toufen Plant ...etc. Staff trips, birthday parties, senior staff recognitions, model worker recognitions...etc.</td></tr><tr><td>Education and training system</td><td>On-the-job education and training, executive training, elite degree training, professional training, hierarchical training, mathematical platform learning...etc.</td></tr><tr><td>Others</td><td>Labor union, employee welfare committee (including: wedding and funeral celebrations, birthday gifts, child education subsidies), employee cafeteria, parking spaces, nursing rooms, employee dormitories, and cooperation with child care and education institutions to provide child care and parenting services.</td></tr></table> <div>Please refer to the 2022 ESG Report or website:</div>	Bonus and leave system	Year-end bonus, performance bonus, full attendance bonus, meal allowance, transportation allowance, maternity allowance, and annual festival bonus. Leaves are granted in accordance with the Basic Labor Act.	Insurance and pension system	Labor Insurance, health insurance, employee/dependent group insurance, labor retirement contribution, and pension.	Promote health and activity	Regular health checkups, qualified nurses, fitness equipment and showers in each plant, basketball court, billiard room, social hall and recreation room in the dormitory area of Toufen Plant ...etc. Staff trips, birthday parties, senior staff recognitions, model worker recognitions...etc.	Education and training system	On-the-job education and training, executive training, elite degree training, professional training, hierarchical training, mathematical platform learning...etc.	Others	Labor union, employee welfare committee (including: wedding and funeral celebrations, birthday gifts, child education subsidies), employee cafeteria, parking spaces, nursing rooms, employee dormitories, and cooperation with child care and education institutions to provide child care and parenting services.	
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(III) Does the Company provide a safe and healthy work environment to its employees, and regularly offer safety and health education to its employees?	V		<p><a href="https://www.cgpc.com.tw/zh-tw/dirHR/frmHR2.aspx">https://www.cgpc.com.tw/zh-tw/dirHR/frmHR2.aspx</a> (III) Employee safety and health management: The Company has established ISO-45001 occupational safety and health management systems to provide good safety and health protection structure, prevent accidents, and ensure regulatory compliance.</p> <table><tr><th>Company</th><th>Obtained Certification</th><th>Validity Period</th></tr><tr><td>CGPC</td><td>2020</td><td>2024/12/25</td></tr><tr><td>TVCM</td><td>2019</td><td>2025/09/20</td></tr><tr><td>CGPCPOL</td><td>2019</td><td>2025/06/17</td></tr></table> <p>The Company’s management system includes the employees of CGPC Toufen Plant, TVCM Linyuan Plant, and CGPCPOL Linyuan Plant (excluding Taipei employees). The number of employees reviewed by external institutions is 1,046 (about 896 Company employees + about 150 contractors), including employees (accounting for 85.66%) and non-employees (accounting for 14.34%). Sales, production, design, development, procurement, administration, engineering, and contractors, cover 100% of the Company's sales. (Refer to 2022 ESG Report 6.4.2 - Implementation of occupational health and safety; <a href="https://www.cgpc.com.tw/ESG/tw/ESG-Report.aspx">https://www.cgpc.com.tw/ESG/tw/ESG-Report.aspx</a>)</p> <p>1. Occupational Safety and Health Policy</p>	Company	Obtained Certification	Validity Period	CGPC	2020	2024/12/25	TVCM	2019	2025/09/20	CGPCPOL	2019	2025/06/17	
Company	Obtained Certification	Validity Period														
CGPC	2020	2024/12/25														
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Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
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			<p>(1) The Company formulates policies in accordance with the Occupational Safety and Health Act and the regulations of customers and related groups. We respect the requirements of relevant interest groups for occupational safety and health to build a healthy and happy workplace.</p> <p>(2) The Company makes disaster precaution and disaster prevention its core concept, uses appropriate management tools, mature technologies, and available resources to integrate occupational safety and health issues in the factory. We propose effective measures, and continuously improve and promote occupational safety culture and process safety management.</p> <p>(3) Strengthen the personal safety protection management of operations personnel, and invest resources to strengthen the prevention of occupational disease and create a zero-hazard environment.</p> <p>(4) Continue to improve the working environment and occupational safety and health of business activities, implement industrial waste reduction, energy conservation, and carbon reduction, and adopt Responsible Care in hopes of achieving the goal of ensuring the safety of life and property and sustainable development.</p> <p>2. Implementation Plan The Company establishes safety performance indicators (information below), expands occupational safety and health activities to improve overall occupational safety and health</p>	

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			<div> <div>performance, and effectively controls risks.</div> <div>(Periods: 2022/01/01 ~ 2022/12/31, unit: million working hours)</div> <table> <tr> <td>Safety Performance Indicators</td> <td>CGPC</td> <td>TVCM</td> <td>CGPCPOL</td> </tr> <tr> <td>Disabling frequency rate (F.R.)</td> <td>2.25</td> <td>0</td> <td>0</td> </tr> <tr> <td>Disabling severity rate (S.R.)</td> <td>119</td> <td>0</td> <td>0</td> </tr> <tr> <td>Frequency-Severity Indicator (F.S.I.)</td> <td>0.52</td> <td>0</td> <td>0</td> </tr> <tr> <td>Safety Performance Indicators</td> <td>CGPC</td> <td>TVCM</td> <td>CGPCPOL</td> </tr> <tr> <td>Number of occupational safety fines</td> <td>6</td> <td>0</td> <td>0</td> </tr> <tr> <td>Number of Emergency Response Drills</td> <td>37</td> <td>9</td> <td>1</td> </tr> <tr> <td>Number of education and training held</td> <td>106</td> <td>84</td> <td>4</td> </tr> <tr> <td>Number of safety visits</td> <td>2,558</td> <td>1,338</td> <td>4</td> </tr> <tr> <td>The rate of completion of occupational safety and health target management plan</td> <td>100%</td> <td>100%</td> <td>376</td> </tr> <tr> <td>The rate of improvement of defects inspections</td> <td>82%</td> <td>100%</td> <td>100%</td> </tr> </table> <div>Explanation: In 2022, the disabling frequency rate was 2.25, and there were 3 cases of occupational hazards involving 3 employees. (accounting for 0.46% of the total number of employees at the end of</div> </div>	Safety Performance Indicators	CGPC	TVCM	CGPCPOL	Disabling frequency rate (F.R.)	2.25	0	0	Disabling severity rate (S.R.)	119	0	0	Frequency-Severity Indicator (F.S.I.)	0.52	0	0	Safety Performance Indicators	CGPC	TVCM	CGPCPOL	Number of occupational safety fines	6	0	0	Number of Emergency Response Drills	37	9	1	Number of education and training held	106	84	4	Number of safety visits	2,558	1,338	4	The rate of completion of occupational safety and health target management plan	100%	100%	376	The rate of improvement of defects inspections	82%	100%	100%	
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	Yes	No	Summary									
			<div> <div> 2022) The goal of zero hazards was not achieved. The Company has thoroughly reviewed the improvement measures to ensure the safety of employees during work. </div> <div> 3. Monitor Labor Working Environment <div> To protect laborers from harmful substances in the workplace and provide them with a healthy and comfortable working environment, the monitoring of the working environment is carried out twice a year to gradually understand laborers’ actual exposures. The implementation is as follows: </div> <table> <tr> <th>Company</th> <th>Explanation and Improvement Measures</th> </tr> <tr> <td>CGPC Toufen Plant</td> <td> 1.Excessive concentration of exposure of lead: Restricted exhaust measures are taken, and the concentration of exposure of lead is lower than the legal standard. 2.Excessive noise level: Hearing protection program is implemented to reduce personnel noise exposure. </td> </tr> <tr> <td>TVCM Linyuan Plant</td> <td>The monitoring results passed with no abnormality.</td> </tr> <tr> <td>CGPCPOL Linyuan Plant</td> <td>The monitoring results passed with no abnormality.</td> </tr> </table> <div> The Company actively reviews the reasons why it occurred, reduces the hazard factors to prevent recurrences, and immediately proposes corresponding countermeasures, and cares for employees. Three labor safety incidents and two </div> </div> </div>	Company	Explanation and Improvement Measures	CGPC Toufen Plant	1.Excessive concentration of exposure of lead: Restricted exhaust measures are taken, and the concentration of exposure of lead is lower than the legal standard. 2.Excessive noise level: Hearing protection program is implemented to reduce personnel noise exposure.	TVCM Linyuan Plant	The monitoring results passed with no abnormality.	CGPCPOL Linyuan Plant	The monitoring results passed with no abnormality.	
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	Yes	No	Summary							
			<div>contractor incidents occurred in CGPC in 2022, as follows:</div> <table> <tr> <th>Company</th> <th>Reasons</th> <th>Improvement Measures</th> </tr> <tr> <td>CGPC Toufen Plant</td> <td>The plastic material rolled to the ground and a personnel was bruised on the left ankle by the winding tube</td> <td>           1. Risk management:            (1) Conduct work safety analysis to prevent potential hazards from occurring.            (2) Risk assessment information is revised.            2. Work platform control and improvement:            (1) The rubber should be placed on the finishing table, but not on a small platform.            (2) Small platform is installed with additional baffles to prevent the plastic from rolling down.            (3) The block should be placed after someone rolls the plastic.            3. Revised SOP: New safety requirements should be included in the SOP.            4. Safety observations: Strengthen the patrol management of supervisors and safety observations to prevent unsafe behaviors of personnel from occurring.            5. Education and training: Education and training related to safe operation standards and safety and health were held.         </td> </tr> </table>	Company	Reasons	Improvement Measures	CGPC Toufen Plant	The plastic material rolled to the ground and a personnel was bruised on the left ankle by the winding tube	1. Risk management: (1) Conduct work safety analysis to prevent potential hazards from occurring. (2) Risk assessment information is revised. 2. Work platform control and improvement: (1) The rubber should be placed on the finishing table, but not on a small platform. (2) Small platform is installed with additional baffles to prevent the plastic from rolling down. (3) The block should be placed after someone rolls the plastic. 3. Revised SOP: New safety requirements should be included in the SOP. 4. Safety observations: Strengthen the patrol management of supervisors and safety observations to prevent unsafe behaviors of personnel from occurring. 5. Education and training: Education and training related to safe operation standards and safety and health were held.	
Company	Reasons	Improvement Measures								
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Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
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			<div><div></div><div>Finger of right hand of a worker was pinched while handling foreign objects on embossed wheel surface</div><div><div>1. Engineering improvement: (1) An emergency stop device is added to open the embossing wheel to rise when the device is activated. (2) The warning light flashes and the buzzer reminds after the equipment running embossing wheel is pressed down. If the cover is not placed, the embossing wheel will open and rise, and the cover must be restored before the equipment can be operated. (3) Additional monitors are installed at the places with rolling hazards.</div><div>2. Administration: The machine should be stopped (stop running) first, then the abnormality should be handled, and the workers should be made to comply with it indeed.</div><div>3. Hazard identification and risk management: (1) Reconfirm the work safety analysis, hazard identification and risk assessment and other materials. (2) Submit the "Independent Safety and Health Inspection and Improvement Results" every month.</div><div>4. Reconfirm job safety analysis, hazard identification and risk assessment information.</div><div>5. Safety Observation: Safety observation is</div></div></div>	

Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons				
	Yes	No	Summary					
			<table><tr><td></td><td>carried out by the supervisors at division level. 6. Education and training: Job instruction should be signed by employees and written materials should be kept for inspection.</td></tr><tr><td>The finger of the left hand of a worker was accidentally caught by the wheel surface when the worker was cleaning the lead wheel.</td><td>1. Engineering improvement: (1) When the abnormality is handled, the lead wheel shall be fully opened. (2) Use the T-bar and forbid to wipe the lead wheel directly by hand. (3) Additional monitors and electronic fences are installed at the places with rolling hazards. 2. Administration: The machine should be stopped first, then the abnormality should be handled, and the workers should be made to comply with it indeed. 3. Hazard identification and risk management: (1) Reconfirm job safety analysis, hazard identification and risk assessment information. (2) Monthly submission of "Autonomous Safety and Health Inspection and Improvement Results". 4. Safety observation: (1) Safety observation is carried out by the supervisors at division level. (2) Safety observation records shall be kept for reference.</td></tr></table>		carried out by the supervisors at division level. 6. Education and training: Job instruction should be signed by employees and written materials should be kept for inspection.	The finger of the left hand of a worker was accidentally caught by the wheel surface when the worker was cleaning the lead wheel.	1. Engineering improvement: (1) When the abnormality is handled, the lead wheel shall be fully opened. (2) Use the T-bar and forbid to wipe the lead wheel directly by hand. (3) Additional monitors and electronic fences are installed at the places with rolling hazards. 2. Administration: The machine should be stopped first, then the abnormality should be handled, and the workers should be made to comply with it indeed. 3. Hazard identification and risk management: (1) Reconfirm job safety analysis, hazard identification and risk assessment information. (2) Monthly submission of "Autonomous Safety and Health Inspection and Improvement Results". 4. Safety observation: (1) Safety observation is carried out by the supervisors at division level. (2) Safety observation records shall be kept for reference.	
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	2021	1,028	1,328	1,322	6	99.5%																					



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	Yes	No	Summary																																																		
			<table> <tr> <td></td> <td>2022</td> <td>1,808</td> <td>1,426</td> <td>1,169</td> <td>257</td> <td>82%</td> </tr> <tr> <td rowspan="3">TVCM</td> <td>2020</td> <td>839</td> <td>512</td> <td>512</td> <td>0</td> <td>100%</td> </tr> <tr> <td>2021</td> <td>556</td> <td>251</td> <td>251</td> <td>0</td> <td>100%</td> </tr> <tr> <td>2022</td> <td>1,266</td> <td>442</td> <td>442</td> <td>0</td> <td>100%</td> </tr> <tr> <td rowspan="3">CGPCPOL</td> <td>2020</td> <td>190</td> <td>190</td> <td>190</td> <td>0</td> <td>100%</td> </tr> <tr> <td>2021</td> <td>298</td> <td>298</td> <td>298</td> <td>0</td> <td>100%</td> </tr> <tr> <td>2022</td> <td>376</td> <td>23</td> <td>23</td> <td>0</td> <td>100%</td> </tr> </table> <p>Note:</p> <p>(1) The number of inspections includes the number of safety and health inspections conducted by on-site supervisors and the number of environmental protection and safety and health inspections conducted by safety and occupational health officers in the past three years.</p> <p>(2) The above cases that are not completed become cross-year relationships, and all deficiencies will be tracked until the improvement rate is 100%.</p> <p>(3) Source of data: environmental safety and health management platform.</p> <p>(4) The improvement rate has reached the target.</p> <p>5. Equipment security management</p> <p>The Company classifies its equipment, lists the hazardous machinery and equipment as controlled equipment in accordance with the law, and conducts detailed inspections to ensure that the equipment can be operated safely. The Company's hazardous machinery and equipment in 2022. CGPC: 96sets, TVCM: 120 sets, CGPCPOL: 45 sets, are subjected to regular inspections in accordance with the</p>						2022	1,808	1,426	1,169	257	82%	TVCM	2020	839	512	512	0	100%	2021	556	251	251	0	100%	2022	1,266	442	442	0	100%	CGPCPOL	2020	190	190	190	0	100%	2021	298	298	298	0	100%	2022	376	23	23	0	100%	
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Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons																																		
	Yes	No	Summary																																			
			<p>“ Regulations for Safety Inspection of Hazardous Machines and Equipment” to ensure the safety of the equipment.</p> <p>6. Education and Training and Advocacy</p> <table border="1"> <tr> <th rowspan="2">Year</th> <th colspan="2">CGPC</th> <th colspan="2">TVCM</th> <th colspan="2">CGPCPOL</th> </tr> <tr> <th>Total Participants</th> <th>Training Hours</th> <th>Total Participants</th> <th>Training Hours</th> <th>Total Participants</th> <th>Training Hours</th> </tr> <tr> <td>2020</td> <td>2,008</td> <td>8,526</td> <td>1,016</td> <td>3,866</td> <td>173</td> <td>865</td> </tr> <tr> <td>2021</td> <td>3,294</td> <td>11,911</td> <td>959</td> <td>4,667</td> <td>328</td> <td>1,310</td> </tr> <tr> <td>2022</td> <td>4,444</td> <td>14,968</td> <td>1,624</td> <td>7,167</td> <td>211</td> <td>1,129</td> </tr> </table> <p>The Company is deeply aware that employees, suppliers, and contractors are the most important assets for sustainable corporate development. Therefore, we require compliance with occupational safety and health regulations and other related requirements in the R&amp;D, production, testing, and sales of the Company's products and continue to improve safety and health measures to prevent unsafe actions, environments, or equipment from causing occupational hazards in order to fulfill our responsibilities in protecting the safety and health of employees.</p> <p>In addition, CGPC plants participated in the "Toufen, Zhunan, and Linyuan Industrial Park Safety and Health Promotion Committees", "Regional Allied Defense Organization", "Taiwan Responsible Care Association (TRCA)", and the Vinyl Chloride and Chlorine Operations</p>	Year	CGPC		TVCM		CGPCPOL		Total Participants	Training Hours	Total Participants	Training Hours	Total Participants	Training Hours	2020	2,008	8,526	1,016	3,866	173	865	2021	3,294	11,911	959	4,667	328	1,310	2022	4,444	14,968	1,624	7,167	211	1,129	
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Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
(IV) Has the Company established effective career development and training plans for its employees?	V		<p>Allied Defense Organization, respectively. We observe and learn more about occupational safety, health, and environmental protection from other companies and improve the protection for operators' safety and health. We also organize periodic fire drills and occupational safety education and training each year to cultivate employees' capabilities responding to emergencies and management of their personal safety.</p> <p>(IV) The Company has established an all-round education and training system in coordination with the external environment, its business principles, department performance goals, and employees' career development needs, in order to provide training courses required by all-round talents. In regards to the employees' continuing education and training, the Company conducts the employee training needs survey in the fourth quarter of every year to formulate education and training implementation plans and budgets. At the same time, the Company has also set up a digital learning platform as a means for self-learning, and regularly holds diversified employee functional training, management training, seminars, health talks, various conferences ... to enhance employees' professional and management skills, thereby balancing employees' physical and mental development. In order to improve employee quality and overall competitiveness, courses are conducted using diverse methods. In addition to lectures, in-class activities are designed according to course attributes, while case study discussions or group discussions are carried out with a view to making learning</p>	



Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
(V) Has the Company followed relevant laws, regulations and international guidelines for the customer health and safety, customer privacy, and marketing and labeling of its products and services and established related consumer or customers protection policies and grievance procedures?	V		<p>more lively and productive. Additionally, online e-learning courses allows the employees to effectively participate in learning activities anytime, anywhere, thereby enhancing their career development and overall work performance.</p> <p>(V)</p> <p>The Company strives to provide satisfying services for customers while hoping to create long-term partnerships with customers. Based on the international standard of quality management system (ISO 9001:2015), the products sold are to protect the safety and rights and interests of consumers:</p> <ol style="list-style-type: none"> <li>(1) Obtained many certifications such as EU environmental protection regulations RoHS, REACH, EN 71-3, and food additive license.</li> <li>(2) The Company has established “product identification and traceability, protection measures” to clearly identify and manage traceability when delivered.</li> <li>(3) In the “Procedures for Handling Customer Complaints”, relevant customer complaint procedures shall be clearly defined and the responsible units shall protect customers’ rights and interests and product reputation.</li> <li>(4) Set up a stakeholders contact window as a channel for accepting customers’ questions, complaints, or suggestions.</li> <li>(5) In terms of customer data protection, the Group's Information Technology Division has established various regulations and passed ISO 27001: 2013 to protect and control all types of information. It has also adopted</li> </ol>	

Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
(VI) Has the Company established the supplier management policies requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised their compliance?	V		<p>measures such as strengthening firewall management, access authority control, and separation of the test environment and the physical working environment to implement rigorous access control strategies and procedures for customer data and avoid the risks of leakage of customers' confidential information. In terms of customer privacy, the Company shall abide by the Non-disclosure Agreement and Personal Data Protection Act to fulfill its duty of keeping customers' information confidential.</p> <p>(VI) The Company advocates sustainable environmental protection and quality policies and has long-term cooperation with high-quality suppliers/contractors to fulfill corporate social responsibility together. When recruiting new suppliers/contractors, all suppliers/contractors are required to sign a supplier social responsibility letter of undertaking. It focuses on the environment, human rights, safety, health, sustainable development, risks related to the environment, safety, and health, prohibition of child labor, labor management, no hazard to basic labor rights, ethical standards, and integrity management of the suppliers/contractors, and implements regulations and standards. We shall reach a circulation of sustainable green supply chain through supplier/contractor management strategies while enhancing supplier's/contractor's compliance with the EU Restriction of Hazardous Substances (RoHS) Directive. We shall implement education and training on environmental protection.</p>	



Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>We will inspect whether the factory construction meets safety standards during supplier/contractor audits to ensure the safety of various operations, protect the personnel’s safety and health, and jointly perform well in managing risks. Supplier/contractor is evaluated annually to ensure that the suppliers/contractors employed by the Company meet the requirements of the corporate, and to implement the sustainable operation concept that is friendly to the environment. The evaluation results of the contractor in the past 3 years are qualified with a rate of 97%. Guidance measures are applied to the suppliers/contractors who fail to pass the evaluation and have low scores. The measures include: According to its evaluation status, the Company puts forward suggestions for improvement, and reduces the frequency of transactions, pauses, or suspends transactions to implement the Company's commitment to a sustainable green supply chain. Regarding carbon footprints, the Company's main procurement principle is to firstly support local suppliers in Taiwan. Only when local suppliers cannot supply us, will we consider importing from foreign suppliers to reduce the carbon footprint. In addition to the management strategy of suppliers/contractors, the Company actively participates in social services, such as regularly recruiting personnel and suppliers/contractors to clean the beach. The Company also cooperates with the Miaoli County government by establishing the first Occupational Safety and Health Family, aiming at assisting enterprises with fewer than 100 workers, to improve the working environment and promote employment services. As the leader of the family, CGPC invited</p>	

Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			suppliers/contractors to become a member of the family to improve the supplier's/contractor's overall level of independent security management. Explanation, please refer to the 2022 ESG Report.	
V. Does the Company follow internationally recognized guidelines, prepare and publish reports, such as its Sustainability Report, to disclose non-financial information of the Company? Has the Company received assurance or certification of the aforementioned reports from a third-party certification institution?	V		<p>The Company prepared ESG Report based on the "GRI Sustainability Reporting Standards" (GRI: 2021 Standards) published by the Global Reporting Initiative (GRI). The report's disclosure direction also corresponds to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, the Sustainable Development Goals (SDGs), and the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) are also used as references.</p> <p>For the ESG Report of the Company, AFNOR acted as the third-party verification unit for verification according to the GRI standards and the moderate guarantee level of type 1 in AA1000 AS V3.</p> <p>The ESG Report is prepared with CGPC and its subsidiaries in Taiwan as the subjects, including: Taiwan VCM Corporation (TVCM), Global Green Technology Corporation (GGTC), and CGPC Polymer Corporation (CGPCPOL), indicating the important information interms of operation performance, environmental protection, employees and social welfare, and covering 89% of the consolidated net income of CGPC. The risk assessment boundary is based on the Company. For the time being, the foreign subsidiaries will not disclose important</p>	Equivalent to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies



Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons															
	Yes	No	Summary																
			information as it is independently managed by foreign subsidiaries. The financial information is consistent with the information in the financial report of the CPA. Some statistical data are quoted from the annual report, disclosed information from government agencies, and other relevant websites.																
VI. If the Company has established its own Sustainable Development Best Practice Principles in accordance with the Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies, state the discrepancies between these principles and its implementation: There is no material discrepancy in the Company's Sustainable Development Best Practice Principles formulated in accordance with the Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies and in the implementation.																			
VII. Other important information to facilitate a better understanding of the Company's implementation of sustainable development: (I) Composition, duties, and operation of the Sustainable Development Committee The Company's Sustainable Development Committee was officially established on November 9, 2017, and the composition, duties, and operations of the Sustainable Development Committee are as follows: 1. Information on the Members:																			
<table><tr><th>Title</th><th>Name</th><th>Related Professional Qualifications</th></tr><tr><td>Committee Chairman</td><td>Independent Director Zheng, Ying-Bin</td><td>Chairman of Long Chen Paper Co., Ltd. who adopted new technologies in resource recycling for the development of environmentally-friendly paper products for domestic use. Mr. Cheng has decades of experience and achievements in the circular economy.</td></tr><tr><td>Deputy Committee Chairman</td><td>Lin, Han-Fu Vice Chairperson and General Manager</td><td>More than 40 years of experience in saving energy and reducing carbon emissions in the petrochemicals industry.</td></tr><tr><td>Member</td><td>Wu, Yi-Gui, Chairman</td><td>—</td></tr><tr><td>Member</td><td>Hsu, Chen-I, Independent Director</td><td>—</td></tr></table>					Title	Name	Related Professional Qualifications	Committee Chairman	Independent Director Zheng, Ying-Bin	Chairman of Long Chen Paper Co., Ltd. who adopted new technologies in resource recycling for the development of environmentally-friendly paper products for domestic use. Mr. Cheng has decades of experience and achievements in the circular economy.	Deputy Committee Chairman	Lin, Han-Fu Vice Chairperson and General Manager	More than 40 years of experience in saving energy and reducing carbon emissions in the petrochemicals industry.	Member	Wu, Yi-Gui, Chairman	—	Member	Hsu, Chen-I, Independent Director	—
Title	Name	Related Professional Qualifications																	
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Member	Wu, Yi-Gui, Chairman	—																	
Member	Hsu, Chen-I, Independent Director	—																	
2. Responsibilities:																			



Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
<div>(1) Determine the sustainable development policy.</div> <div>(2) Outlining the sustainable development strategy, annual plan, and project plans.</div> <div>(3) Supervising sustainable development strategies, the implementation of the annual plan and project plans, and evaluating the implementation.</div> <div>(4) Reviewing and approving the sustainable development report.</div> <div>(5) Reporting the implementation of sustainable development activities to the Board of Directors each year.</div> <div>(6) Other matters to be conducted by the committees per Board resolution.</div> <div>3. Implementation Status:</div> <div>1st Meeting</div> <div>(1) Meeting date: March 9, 2022</div> <div>(2) Committee members in attendance: Zheng, Ying-Bin, Li, Liang-Xian, Wu, Yi-Gui, and Lin, Han-Fu</div> <div>(3) Reported the sustainable development policy and identified material issues and the plans for the 2021 sustainable development report.</div> <div>(4) Reported the targets for energy conservation, electricity savings, and carbon emissions reduction, and plans for social and charitable activities for 2021.</div> <div>2nd Meeting</div> <div>(1) Meeting date: August 3, 2022</div> <div>(2) Committee members in attendance: Zheng, Ying-Bin, Hsu, Chen-I, Wu, Yi-Gui, and Lin, Han-Fu</div> <div>(3) Reported the 2021 Sustainability Development Report, selected 11 major themes and listed the management policy, implementation status, future planning and response to SDGs of the United Nations.</div> <div>(4) Reported the communication and response for issues of concern to stakeholders in 2021.</div> <div>(5) Explanation of risk management and climate change risk management.</div> <div>(II) Implementation of Environmental Protection and Occupational Safety and Health:</div> <div>1. Environmental protection policies:</div> <div>(1) To comply with relevant environmental protection and occupational safety and health regulations and relevant requirements derived from such regulations.</div> <div>(2) To continuously conserve and reuse resources and energy, and reduce industrial waste.</div>				



Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
<div><div>(3) To prevent pollution, reduce potential risks in operations.</div><div>(4) To continuously provide employees with education and training, and carry out work related to environmental protection and occupational safety and health.</div><div>(5) To actively communicate with customers and residents, manage suppliers and contractors, and encourage all employees to participate in work related to environmental protection and occupational safety and health.</div><div>(6) To thoroughly implement environmental management system to enhance environmental performance and reduce environmental safety risks in communities.</div></div> <div><div>2. The Company joined the and take care of TRCA according to the chemical industry responsibility of Taiwan in 1998 as the member of the regulatory committee of the society to participate in the discussion of regulations regularly; The care management rules defined by TRCA are promoted in the plants, and the safety and environmental performance indicators are reported each year.</div><div>3. The Company continues to implement industrial waste reduction, improve workplace safety, and enhance environmental protection and occupational safety and health training for employees.</div><div>4. The Company has formulated its Waste Management Practices in accordance with the Standards for Defining Hazardous Industrial Waste in order to determine the characteristics of wastes and details such information in the Waste Cleanup Plan before submitting the plan to the competent authority.</div><div>5. The Company has formulated its Regulations Governing the Management of Recycled and Regenerated Products that specify resource recycling, classification, storage and auction operations, with the purpose of achieving waste reduction and resource recycling and reuse.</div><div>6. In 2022, Taiwan VCM Corporation transformed its environmental department into China General Terminal and Distribution Corporation (CGTDC), which is a 100% subsidiary of Taiwan VCM Corporation. China General Terminal and Distribution Corporation has been improving its performance based on the R&amp;D work on “Physics + Chemistry + Biology” (this site has been released from restriction):<div><div>(1) In 2021, we obtained the first certificate from the Environmental Development Department of the Executive Yuan for the remediation of polluted sites: Environmental Development Department of the Taiwan VCM Corporation affirmed the remediation performance of the environmental development department of TVCM the remediation of the first plant site in CGPC.</div><div>(2) In 2022, we obtained the second technical certificate from Kaohsiung Environmental Protection Bureau for the completion of the remediation of the contaminated site: Kaohsiung Environmental Protection Bureau affirmed the remediation performance of the Department of TVCM in the settled's former township plant control site was unlisted Environmental Development.</div></div></div></div>				

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<p>(3) Newly developed oil degrading bacteria in 2022: After the soil of the oil contaminated site was acclimatized in the laboratory, the bacteria with degrading function were screened out, and after fermentation and cultivation, toluene and naphthalene degrading genes could be detected, and the function of degrading benzene, toluene, and diesel oil could be used for on-site remediation. For the above information, please refer to the ESG Report or website: <a href="https://www.cgpc.com.tw/ESG/tw/soil-and-groundwater.aspx">https://www.cgpc.com.tw/ESG/tw/soil-and-groundwater.aspx</a></p> <p>7. Chien, Hua-Yi, Director of Environmental Development Department of Taiwan VCM Corporation, was awarded the 2020 Outstanding Program Manager Award by Taiwanese Soil and Groundwater Environmental Protection (TASGEP).</p> <p>8. Environmental Development Department of TVCM was awarded the “Soil and Groundwater Seminar Best Paper Award” by The Chinese Institute of Environmental Engineering at the 33rd annual meeting and various special academic seminars.</p> <p>9. CGPC’s accumulated green procurement in 2022 amounted to NT\$77.31 million. The Company was awarded a certificate of appreciation by the Department of Environmental Protection, Taipei City Government.</p> <p>10. CGPC and its subsidiaries (TVCM and CGPCPOL Linyuan Plant) have been working hard to protect the environment, cooperating with the Miaoli County Government's "Air Pollution Seasonal Voluntary Reduction Cooperation Agreement" and the Kaohsiung City Government's Environmental Protection Bureau to promote the "2022 Kaohsiung City Air Purification Zone Management Plan" and signing certificates of appreciation.</p> <p>11. In response to the government's action plan to promote green finance, CGPC participated in the "Green Deposit" program launched by Cathay Bank.</p> <p>(III) Implementation of Energy Conservation and Carbon Reduction:</p> <p>1. Energy Conservation and Carbon Reduction Policies:</p> <p>(1)To achieve energy conservation and carbon reduction regulations set by the government, as well as actively promote and develop energy conservation and carbon reduction projects (the green procurement plan contains machinery and other products)</p> <p>(2)To demonstrate the Company's commitment toward energy conservation and carbon reduction and rewards the incorporation of energy conservation and carbon reduction cases in order to propose improvements to the system.</p> <p>(3)To promote energy conservation and carbon reduction plans at departmental level and carry out energy conservation and carbon reduction education and promotional work.</p> <p>(4) To implement energy conservation and carbon reduction-related individual job details, integrate the sustainability plan into the KPIs, and continuously provide employees with education and training in order to implement energy conservation and carbon reduction.</p> <p>2. Outcomes of Energy Conservation and Carbon Reduction:</p>				





Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
<div><div>(1) Energy saving improvement of cooling water tower pump, replacement of air compressor, energy saving improvement of pipe screw and die heater, replacement of motor with IE3 high efficiency motor, replacement of box type air conditioner, replacement of exhaust fan, etc.</div><div>(2) The distillation tower reflux pump (P-6026) was replaced with a high-efficiency one, the cracker (F-6201) was coated for energy saving, the heat recovery of the cracked gas (C-6201/C-6205) was introduced into the C-6102 AI energy saving project, and the steam trap improvement project (Phase I) was implemented for the whole plant.</div><div>(3) Steam savings were improved in the stripper tower heat exchanger.</div><div>(IV) Implementation of social services and public welfare:<div><div>1. The Love and Care Society has been established for 50 years, with 72 members, 5 visits in 2022, and a total of about 102 visits from 2010 to 2022. CGPC jointly upholds the concept of “spreading love and caring for the society”, and exerting the spirit of doing good while keeping pace with others. The Company’s Love and Care Society continuously participates in the adoption of poor children organized by the Taiwan Fund for Children and families, and visits the sick, orphanages and old folks' homes from time to time.</div><div>2. The Company adopted 500-meter Longfong Fishing Harbor’s beach in Zhunan Township since 2017. In September 2022, the sixth (after adoption) beach cleaning activities were held with 150 persons, and 750kg of waste were cleaned in total. Since 2017, a total of 762 people have participated, and a total of 2,903 kilograms of waste have been removed.</div><div>3. The Company participated in the Public Welfare Environmental Protection and Social Services event held by Yungchen Temple in Toufen Township and provided fund sponsorship to the event.</div><div>4. The Company has established a volunteer team (about 60 members) to help clean up and maintain the environment around Yungchen Temple, Nantian Street, and Beitian Street since 2010. The number of participants is about 10 to 15 people each time, and a total of about 760 people have participated from 2010 to 2022.</div><div>5. The Company adopted streetlamps around its Toufen Plant, and carries out maintenance of these lamps since 2010 to now.</div><div>6. The Company adopted the Jhonggang River Dongxing Bridge Wetland Park in Miaoli since 2014.</div><div>7. CGPC continues to participate in the safety and health family activities in Miaoli County as a core family in 2022, and invites contractors to participate in order to improve the safety management standard of contractors. The "Safety and Health Family" is supported by the Occupational Safety and Health Administration with operating funds, and each county and city government is set up to promote and supervise it, with the goal of improving the working environment and promoting employment services for enterprises with less than 100 workers.</div></div></div></div>				

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8. As the COVID-19 continued to spread in 2022, the USI Group (five southern companies: USI, APC, TTC Linyuan Plant, TVCM, and CGPCPOL) donated 250 sets of protective suits to the Kaohsiung City Environmental Protection Bureau to protect the safety of the cleanup workers for the epidemic.																																				
9. In view of the seriousness of the COVID-19, the Chairman of the Group presented each employee with a complimentary tea to strengthen their immune systems.																																				
10.USI Group began to hold blood donation activities since 2018 and joined in the blood donation activity of 1,000 people in internal medicine in 2019. Actual and accumulated achievements of blood donation in the past three years are as follows:																																				
<table><tr><th>Item</th><th>Explanation/ Date</th><th>2022/01/14 [6th]</th><th>2022/08/26 [7th]</th><th>2023/02/15 [8th]</th></tr><tr><td rowspan="2">Number of blood donation participants:</td><td>Number of participants this Time</td><td>53</td><td>38</td><td>38</td></tr><tr><td>Accumulated participants</td><td>437</td><td>475</td><td>513</td></tr><tr><td rowspan="2">Total blood collection bags: (250cc/bag)</td><td>Number of bags this Time</td><td>82</td><td>53</td><td>53</td></tr><tr><td>Accumulated bags</td><td>647</td><td>700</td><td>753</td></tr><tr><td rowspan="2">Amount of donated blood (cc)</td><td>This Time (cc)</td><td>20,500</td><td>13,250</td><td>13,250</td></tr><tr><td>Accumulated amount (cc)</td><td>161,750</td><td>175,000</td><td>188,250</td></tr></table>					Item	Explanation/ Date	2022/01/14 [6th]	2022/08/26 [7th]	2023/02/15 [8th]	Number of blood donation participants:	Number of participants this Time	53	38	38	Accumulated participants	437	475	513	Total blood collection bags: (250cc/bag)	Number of bags this Time	82	53	53	Accumulated bags	647	700	753	Amount of donated blood (cc)	This Time (cc)	20,500	13,250	13,250	Accumulated amount (cc)	161,750	175,000	188,250
Item	Explanation/ Date	2022/01/14 [6th]	2022/08/26 [7th]	2023/02/15 [8th]																																
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11.In 2022, the Company donated NT\$5 million to the USI Education Foundation to sponsor public welfare activities through the Foundation, including the awarding of scholarships, sponsoring the Public Welfare Platform Cultural Foundation and the Taiwan Junichi International Experimental High School, and sponsoring various other educational public welfare activities. In order to devote more resources to the development of culture and arts, in 2022, we also supported the Toufen National Middle School Music Project, the Boyo																																				

Promotion Items	Implementation status (Note 1)			Discrepancies from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
Social Welfare Foundation, the Education for Taiwan Foundation, the Firelight Education Association, the Cloud Gate Culture and Arts Foundation, and the Blue Ocean Living Festival to promote their domestic and international performances, community arts education and resident arts activities to enrich the cultural life of the people in Taiwan and the world. 12.“In the past 13 years since its establishment, the Public Welfare Platform Cultural Foundation has always had a blueprint - hoping that the Juni School of Innovation will become a base for nurturing future talents in Hualien; helping to build the Jiangxianer Art Park into an international landmark for culture and arts in Taitung, and even in Taiwan; and the Lansan Forest Museum in Yanping, Taitung, and the Alpine Forest Base in Fengbin, Hualien, have been developed into model living experience spots for aboriginal culture and art in every corner of Hualien.				

Notes 1: If “Yes” is checked in the implementation status column, please specify the important policies, strategies, measures, and implementation situations; if “No” is checked in the implementation status column, please explain the discrepancies and reasons in the “Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons” column, as well as give relevant policies, strategies, and measures to counter the situation. However, in relation to the promotion of items 1 and 2, listed companies should describe the governance and supervisory framework for sustainable development, including but not limited to the management approach, strategies, goals, and review measures. In addition, the company's risk management policies or strategies on environmental, social and corporate governance issues related to operations, as well as the evaluation shall be described.

Notes 2: The principle of materiality refers to environmental, social, and corporate governance issues that have significant impacts on the Company's investors and other stakeholders.



(VI)Implementation of ethical corporate management, deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", and reasons for deviation:

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
I. Formulating Ethical Corporate Management Policies and Programs				
(I) Does the Company specify ethical corporate management policies and programs in its regulations and on external documents? Do its Board of Directors and the management team actively advocate and implement these policies?	V		(I) The Group upholds the business philosophy of "Solid Operation, Professional Management, Seeking Excellence and Serving the Society" and exercises its corporate culture that "seeks truth, honesty and comprehensiveness". The Company has, with the approval from the Board of Directors, established the "Ethical Corporate Management Best Practice Principles" "Procedures for Ethical Management and Guidelines for Conduct", "Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers" to specify its ethical corporate management policies. The Company's Board of Directors and the general manager have signed statements of ethical management to fulfill their commitments in management policies.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.
(II) Does the Company have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of	V		(II) The Company has established the "Ethical Corporate Management Principles," approved by the Board of Directors, and established a risk assessment mechanism for unethical conduct to regularly analyze and evaluate business activities with higher risk of unethical conduct	



Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
<p>unethical conduct within the scope of business?</p> <p>Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p>			<p>within the business scope, so as to formulate prevention programs, while reviewing the adequacy and effectiveness of prevention programs on a regular basis and strengthening relevant preventive measures.</p> <p>The prevention programs adopted by the Company shall include preventive measures against the following actions:</p> <ol style="list-style-type: none"> <li>1. To bribe and receive a bribe.</li> <li>2. To provide illegal political donations.</li> <li>3. To offer improper charitable donations or sponsorships.</li> <li>4. To offer or accept unjustified presents or hospitality, or other improper benefits.</li> <li>5. To infringe on business secrets, trademarks, patents, copyrights, and other intellectual property rights.</li> <li>6. To engage in unfair competition.</li> <li>7. Products and services directly or indirectly impair the rights, health, and safety of consumers or other stakeholders when they are developed, purchased, manufactured, supplied or sold.</li> </ol>	
<p>(III) Has the Company established policies to prevent unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and rules for appeal, and does the</p>	V		<p>(III)</p> <ol style="list-style-type: none"> <li>1. The Company has established the Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct. It also amended the aforementioned regulations in accordance with the amendments of the Ethical Corporate</li> </ol>	



Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
Company implement them accordingly, and regularly review and correct such measures?			<p>Management Best Practice Principles for TWSE/TPEX Listed Companies announced and amended by the competent authority in May 2019. They were passed in the meeting of the Board of Directors on November 12, 2019.</p> <p>2. The Company has established the "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct" to promote the reporting of any illegal behavior or violation of the Code of Conduct or the Ethical Corporate Management Principles. Any employee or external party can freely choose to access the Company's website or a dedicated hotline set up at the Audit Office to report cases of illegal, unethical, or dishonest conduct through the following units:</p> <ul style="list-style-type: none"> <li>• Audit Committee: Accept reports from shareholders, investors, and other stakeholders.</li> <li>• Audit Office: Accept reports from customers, suppliers, and contractors.</li> <li>• Human Resources Department: Accept reports from employees of the Company.</li> </ul> <p>No illegal event reports were received by any unit in 2022.</p> <p>3. Related regulations have been fully implemented and we continue to organize training courses to promote the ideals.</p>	

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
<p>II. Implementing Ethical Corporate Management</p> <p>(I) Has the Company evaluated the ethics records of counterparties to its business dealings, and specified ethical business policies in contracts with counterparties related to its business dealings?</p> <p>(II) Has the Company established an exclusively (or concurrently) dedicated unit under the Board to implement ethical corporate management, and report to the Board on a regular basis (at least annually) about the ethical corporate management policies, precautionary measures against unethical conducts, as well as the implementation and supervision thereof?</p>	V		<p>(I) The Company has requested for terms of ethical conduct to be clearly defined in commercial contracts in accordance with its Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct.</p> <p>(II) To strengthen ethical corporate management, the corporate governance team is responsible for establishing the ethical corporate management policy and prevention programs while supervising such implementation, the corporate governance officer reports to the Board of Directors regularly at least once a year.</p> <p>The corporate governance officer reported to the Board of Directors on the implementation of the annual ethical management on November 1, 2022, including the following:</p> <ol style="list-style-type: none"> <li>1. Formulating relevant regulations to implement ethical management policies in compliance with the requirements of laws and regulations.</li> <li>2. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope. After assessment, there is no significant risk this year.</li> </ol>	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.



Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
(III) Has the Company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?	V		<p>3. Planning the internal organizational structure and setting up mechanisms for supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness- According to statistics, no reports of illegal incidents were received this year.</p> <p>6. Assisting the Board of Directors and general manager in assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p> <p>(III) The Company has formulated the "Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers" to prevent conflict of interest and provide suitable channels for directors, managers, and employees to explain any potential conflict of interest with the Company.</p>	
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate	V		<p>(IV) The Company's accounting system and internal control system can be operated independently and objectively. The internal auditors check relevant operations based</p>	

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
<p>management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?</p> <p>(V) Does the Company regularly hold internal and external training related to ethical corporate management?</p>	V		<p>on the risk assessment. When internal auditors find any major violations or dishonesty that may cause harm to the Company, they make a report and submit it to the independent directors. Internal auditors attend the Audit Committee's report. CPAs appointed by the Company regularly perform internal audits and hold discussions with the management.</p> <p>(V) To help employees understand professional ethical regulations, CGPC has published related regulations on the corporate website and continues to invite renowned academics and experts to provide training and awareness programs for directors, managerial officers, employees, and substantial controllers so they understand the Company's resolve for implementing ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.</p> <p>In order to promote integrity management, courses were conducted both physically and online during the COVID-19. In 2022, CGPC and its three subsidiaries, TVCM/CGPCPOL, held 402 training sessions with a total of 1,002 hours related to integrity management issues. The details of the courses are as follows:</p>	



Evaluation Item	Implementation Status (Note)				Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies																																																
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			<table><thead><tr><th rowspan="2">No.</th><th rowspan="2">Course Title</th><th rowspan="2">Hours</th><th colspan="2">Combined</th></tr><tr><th>Number of Participants</th><th>Total Number of Hours</th></tr></thead><tbody><tr><td>1</td><td>[Ethics Seminar] Insider Trading Practice Cases and Related Legal Liabilities</td><td>3</td><td>51</td><td>153</td></tr><tr><td>2</td><td>[Ethics Seminar] Protection and Reasonable Use of Patents</td><td>2</td><td>37</td><td>74</td></tr><tr><td>3</td><td>[Ethics Seminar] Internet Copyright and Legal Use of Software</td><td>2</td><td>6</td><td>12</td></tr><tr><td>4</td><td>[Ethics Seminar] Introduction and Case Analysis of Trade Secrets Act</td><td>3</td><td>5</td><td>15</td></tr><tr><td>5</td><td>[Ethics Seminar] Study on Labor Act for HR Personnel</td><td>3</td><td>6</td><td>18</td></tr><tr><td>6</td><td>[Ethics Seminar] Fair Trade Law Regulations and Case Analysis</td><td>3</td><td>136</td><td>408</td></tr><tr><td>7</td><td>[Ethics Seminar] Prevention of Workplace Abuse</td><td>2</td><td>161</td><td>322</td></tr><tr><td colspan="3">Total</td><td>402</td><td>1,002</td></tr></tbody></table> <p>Note: The aforementioned hours do not contain training information for directors and the corporate governance officer.</p>			No.	Course Title	Hours	Combined		Number of Participants	Total Number of Hours	1	[Ethics Seminar] Insider Trading Practice Cases and Related Legal Liabilities	3	51	153	2	[Ethics Seminar] Protection and Reasonable Use of Patents	2	37	74	3	[Ethics Seminar] Internet Copyright and Legal Use of Software	2	6	12	4	[Ethics Seminar] Introduction and Case Analysis of Trade Secrets Act	3	5	15	5	[Ethics Seminar] Study on Labor Act for HR Personnel	3	6	18	6	[Ethics Seminar] Fair Trade Law Regulations and Case Analysis	3	136	408	7	[Ethics Seminar] Prevention of Workplace Abuse	2	161	322	Total			402	1,002	
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Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
<p>III. Implementing the Company's whistleblowing system</p> <p>(I) Has the Company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers?</p>	V		<p>(I) The Company's Board of Directors passed the amendment of the "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct" on November 12, 2019 (<a href="https://www.cgpc.com.tw/PDF/others/ProcessForIllegalUnethicalDishonesty.pdf">https://www.cgpc.com.tw/PDF/others/ProcessForIllegalUnethicalDishonesty.pdf</a>) which included the following report channels, incentive system, dedicated personnel responsible for processing reports, and whistleblower protection measures:</p> <ol style="list-style-type: none"> <li>Whistleblowing channels: <ol style="list-style-type: none"> <li>Personal report: Face-to-face explanation.</li> <li>Telephone report: 02-26503783</li> <li>Written report: Auditing Office, 7F., No. 37, Jihu Rd., Neihu Dist., Taipei City.</li> </ol> </li> <li>Incentive system: <p>Where a report is verified as true and its contribution generates significant economic benefits, the incident may be submitted to the general manager to provide the whistleblower with appropriate rewards.</p> </li> <li>Responsible personnel: <ol style="list-style-type: none"> <li>Audit Committee members: Accept reports from shareholders, investors, and other stakeholders.</li> </ol> </li> </ol>	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.



Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
(II) Has the Company established standard operating procedures for the reported matters, the measures to be taken after investigation is completed, and the relevant confidential mechanism?	V		<p>(2) Audit Office: Accept reports from clients, suppliers, and contractors.</p> <p>(3) Personnel Division: Accept reports from employees.</p> <p>4. Whistleblower protection: Whistleblowers or persons involved in investigations shall be fully protected and the confidentiality of their identities and information provided shall be fully maintained, so that they will not be subjected to unfair treatment or retaliation. Where the whistleblower is an employee, the Company shall guarantee that the employee shall not sustain inappropriate treatment that may arise from the report.</p> <p>(II) The aforementioned regulations specify report processing procedures and related confidentiality mechanisms. For anonymous report or reported cases without real names, if the contents or evidence provided are specific and where an investigation is warranted, such reports may be filed to the Chairman/general manager for processing and recordkeeping. They may also be retained as references for internal reviews. The Company shall conduct investigations on the internal evidence after receiving the reports. Once they are verified as true, the Company shall, based on the violation or severity of the violation, implement</p>	



Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
(III) Has the Company set up protection for whistleblowers to prevent them from being subjected to inappropriate measures as a result of reporting such incidents?	V		disciplinary measures and process such violations in accordance with related regulations. (III) The procedures above also specify that whistleblowers or persons involved in investigations shall be fully protected and the confidentiality of their identities fully maintained, so that they will not be subjected to unfair treatment or retaliation.	
IV. Strengthening Information Disclosure Has the Company disclosed the content and effectiveness of its integrity management principles on the Company's website and the Market Observation Post System?	V		The Company has placed the guidelines and information on ethical corporate management in the "Ethical Management" section on its website so that our colleagues can refer to these procedures and information at all times. The Company places its "Ethical Corporate Management Best Practice Principles" on the Company's external website: ( <a href="https://www.cgpc.com.tw/zh-tw/dirServices/frmServices2.aspx">https://www.cgpc.com.tw/zh-tw/dirServices/frmServices2.aspx</a> ) and Annual Reports (the Annual Reports are also placed on MOPS) to disclose information related to ethical corporate management.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.
V. If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies, state the discrepancies between these principles and its implementation: The Company's Board of Directors has established its Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers, the Ethical Corporate Management Best Practice Principles, the Procedures for Ethical Management and Guidelines for Conduct, the Code of Conduct for Employees Regarding Concurrent and Part-time Work, and the Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct. There was no material discrepancy during the implementation of these rules and regulations.				



Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Summary	
VI. Other important information that facilitates the understanding of the implementation of ethical corporate management: (such as review and amendment of the Company's Ethical Corporate Management Best-Practice Principles) The Company has established related internal regulations according to the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies amended by competent authorities and the Corporate Governance Best Practice Principles amended on August 3, 2022. With the approval of the Board of Directors on November 1, 2022, the Operating Procedures and Conduct Guidelines for Integrity Management of the Company has been amended. The corporate governance officer reports to the Board of Directors regularly, and reported the implementation of the ethical management on November 1, 2022 recently.				

Note: Regardless of whether "Yes" or "No" is selected, provide a brief description in the Summary column.



(VII) Methods of inquiry in the Corporate Governance Best Practice

Principles and related regulations established by the Company:

1. The Company has established the following operating procedures:
  - (1) Articles of Incorporation
  - (2) Rules of Procedure for Shareholders' Meetings
  - (3) Rules for Director Elections
  - (4) Rules of Procedure for Board of Directors Meetings
  - (5) Regulations Governing the Evaluation of the Performance of the Board of Directors
  - (6) Rules Governing the Scope of Powers of Independent Directors
  - (7) Remuneration Committee Charter
  - (8) Audit Committee Charter
  - (9) Sustainable Development Best Practice Principles
  - (10) Sustainable Development Committee Charter
  - (11) Corporate Governance Best Practice Principles
  - (12) Ethical Corporate Management Best Practice Principles
  - (13) Procedures for Ethical Management and Guidelines for Conduct
  - (14) Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers
  - (15) Employee Work Rules
  - (16) Procedures for Handling Material Internal Information
  - (17) Procedures for acquisition or disposal of assets
  - (18) Regulations governing the making of endorsements/guarantees
  - (19) Procedures for extending loans to others
  - (20) Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct
  - (21) Regulations Governing the Handling of Employee Complaints, Opinions and Feedback
  - (22) Standard Operating Procedures for Requests Filed by Directors
  - (23) Human Rights Policy and Management Plan
  - (24) Risk Management Policy and Procedures
2. For related procedures, please visit the following websites
  - (1) Corporate governance of M.O.P.S.: (<https://mops.twse.com.tw>)
  - (2) Corporate Governance information under Investor Relations on the Company's official website.  
(<https://www.cgpc.com.tw/zh-tw/dirServices/frmServices2.aspx>)

(VIII) Other important information that can promote understanding of the Company's corporate governance operations:

The Company regularly performs audits of its subsidiaries, as well as analyzing and reviewing the financial and business information of its subsidiaries in accordance with the requirements for supervision and monitoring of subsidiaries stipulated in the Regulations Governing Establishment of Internal Control Systems by Public Companies.



## (IX) Implementation of the Internal Control System

### 1. Statement of Internal Control

#### China General Plastics Corporation Statement of the Internal Control System

Date: March 2, 2023

The Company makes the following statement according to the self-evaluation conducted of the internal control system in 2022:

- I. The Company acknowledges that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Company's Board of Directors and managerial officers, and thus the Company has established such a system. The objectives of this system are to meet various goals including achieving operational benefits and efficiency (including profitability, performance, as well as asset and safety protection), and ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting, thereby providing reasonable assurance.
- II. An internal control system has inherent constraints. No matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the above mentioned objectives. In addition, the effectiveness of the internal control system may change with the environment and under different situations. Nevertheless, the Company's internal control systems are equipped with self-monitoring mechanisms, thereby allowing the Company to take immediate remedial actions in response to any identified deficiency.
- III. The Company determines whether or not the design and implementation of its internal control system is effective according to the items for determining the effectiveness of internal control systems as stated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The items for the determination of internal control systems adopted in the Regulations has identified five key components based on management control processes: (1) control environment, (2) risk assessment, (3) control operations, (4) information and communication, and (5) monitoring operations. Each constituent element includes a number of categories. Please refer to the "Regulations" for the aforementioned categories.
- IV. The Company has adopted the items for determining internal control systems in order to evaluate the effectiveness of its internal control system design and implementation.
- V. In accordance with the aforementioned evaluation, the Company has found that the design and implementation of the internal control system (including the assessment and management of subsidiaries), as of December 31, 2022, including the efficacy of understanding operations, the efficiency of achievement of objectives, reliability in reporting, timeliness, and compliance with the relevant guidelines and laws, are effective and can reasonably provide assurance of the aforesaid goals.
- VI. The Statement shall become the main content of the Company's annual report and

prospectus, and shall be made public. Should the abovementioned content contain illegalities such as fraudulent and hidden information, the Company shall assume legal liabilities involving Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.

VII. This statement was passed by the Board of Directors in their meeting held on March 2, 2023, with the nine attending directors affirming the contents of this Statement.

China General Plastics Corporation

Chairman: Wu, Yi-Gui

Signature and  
seal

General Manager: Lin, Han-Fu

Signature and  
seal



2. Where CPAs are commissioned to audit the Company's internal control systems, the audit report prepared by the CPAs should be disclosed: Not applicable.

(X) Sanctions imposed on the Company or its personnel in accordance with the laws, or disciplinary actions taken by the Company against its personnel for any violation of internal control rules, which may possibly have material impact on shareholders' equity or securities prices in the most recent fiscal year and in the current fiscal year up to the date of publication of the annual report, as well as details of the sanctions, major deficiencies and subsequent improvements: No such occurrences.

(XI) Key resolutions adopted by the shareholders' meeting and the Board of Directors in the most recent fiscal year up to the publication date of this annual report.

#### 1. Shareholders' Meeting

Year of Meeting	Time of Meeting	Resolutions
2022	2022/05/30	<p>The minutes of the Shareholders' Meeting were posted onto MOPS on June 8, 2022. The key resolutions and their status of implementation are as follows:</p> <ol style="list-style-type: none"> <li>1. Approved the 2021 Account Book. Implementation status: The resolution was passed.</li> <li>2. Approved the 2021 Profit Distribution Plan. Implementation status: The resolution was passed. A total of NT\$1,452,626,235 were distributed to the shareholders as cash dividends, and the record day was August 5, 2022. All the cash dividends were completely distributed on August 31, 2022.</li> <li>3. Discussed the amendment to the Procedures for Acquisition or Disposal of Assets Implementation status: The resolution was passed, and has been implemented according to the resolution passed by the Shareholders' Meeting.</li> <li>4. Re-election of the nine directors of the Company: 5 directors were elected - Wu, Yi-Gui, Lin, Han-Fu, Wang, Ke-Shun, Liu, Han-Tai, and Wu, Hung-To. 4 independent directors were elected - Li, Zu-De, Zheng, Ying-Bin, Li, Liang-Xian, and Hsu, Chen-I. Implementation status: At the annual shareholders' meeting, 9 shareholders were elected (including 4 independent directors) for the term of three years from May 30, 2022 to May 29, 2025, who shall take their offices after the meeting.</li> <li>5. Discussed the permission for the new directors to engage in business competition. Implementation status: The resolution was passed.</li> </ol>

## 2. Board of Directors

Year of Meeting	Time of Meeting	Resolutions
1st Meeting in 2022	2022/03/09	<ol style="list-style-type: none"> <li>1. Ratify the endorsement guarantee for the subsidiary Company CGPC Polymer Corporation.</li> <li>2. Ratification of the five-year medium-term lending contract signed with Chang Hwa Bank.</li> <li>3. Approved the 2021 Account Book.</li> <li>4. Agreed the 2021 distribution of remuneration to directors and employees of the Company.</li> <li>5. Approved the 2021 profit distribution proposal.</li> <li>6. Approved the amendment of certain articles in the Regulations Governing Asset Acquisition and Disposal.</li> <li>7. Approved the re-election of directors at the general shareholders' meeting this year.</li> <li>8. Approved the recommendation at the general shareholders' meeting to lift the non-compete clause for incoming directors.</li> <li>9. Approved matters related to the convening of the 2022 general shareholders' meeting.</li> <li>10. The period for accepting shareholder proposals is set to be from March 26, 2022 to April 5, 2022.</li> <li>11. Approved the modification of Chief Financial Officer.</li> <li>12. Approved the 2022 evaluation of the independence of appointed CPAs.</li> <li>13. Approved the appointment of CPAs for 2022.</li> <li>14. Approved the issuance of the 2021 Statement on Internal Control.</li> <li>15. Approved the amendment of certain articles in the Corporate Social Responsibility Code of Practice and the CSR Committee Charter.</li> <li>16. Authorized the Chairman to sign and deliver short-term credit loan contracts and related documents to financial institutions.</li> <li>17. Approved donations to the USI Education Foundation.</li> </ol>
2nd Meeting in 2022	2022/04/15	<ol style="list-style-type: none"> <li>1. Ratification of the new five-year medium-term lending contract signed with Yuanta Bank.</li> <li>2. Approved the list of candidates for directors (including independent directors) nominated by shareholders holding 1% or more of the shares of the Company.</li> </ol>
3rd Meeting in 2022	2022/05/05	<ol style="list-style-type: none"> <li>1. Ratification of the new three-year medium-term lending contract signed with Bank of China Taipei Branch.</li> <li>2. Approved the consolidated financial statements of the Company in the 1st quarter of 2022.</li> <li>3. Approved the authorization to the Chairman to change the venue of the 2022 general shareholder's meeting in light of the outbreak of the COVID-19 epidemic.</li> </ol>





Year of Meeting	Time of Meeting	Resolutions
4th Meeting in 2022	2022/06/02	<ol style="list-style-type: none"> <li>1. Elected Director Wu, Yi-Gui as the Chairman of the Company and Director Lin, Han-Fu as the Vice Chairman of the Company.</li> <li>2. Approved the appointment of the three independent directors, Zheng, Ying-Bin, Li, Zu-De and Li, Liang-Xian as the members of the Remuneration Committee of the Company.</li> <li>3. Approved the appointment of the two independent directors, Zheng, Ying-Bin and Hsu, Chen-I as the members of the ESG Committee of the Company.</li> </ol>
5th Meeting in 2022	2022/08/03	<ol style="list-style-type: none"> <li>1. Approved the consolidated financial statements of the Company in the 2nd quarter of 2022.</li> <li>2. Approved the investments in the replacement of VCM tanks.</li> <li>3. Passed the amendments to the Company's internal control system.</li> <li>4. Approved the amendment to some articles of the Corporate Governance Best Practice Principles.</li> </ol>
6th Meeting in 2022	2022/11/01	<ol style="list-style-type: none"> <li>1. Ratification of short-term credit loan contracts and related documents signed with and delivered to financial institutions.</li> <li>2. Ratification of the new three-year medium-term lending contract signed with Taipei Fubon Bank.</li> <li>3. Ratify the endorsement guarantee for the subsidiary Company CGPC Polymer Corporation.</li> <li>4. Approved the fund lending amount to the subsidiary CGPC Polymer Corporation.</li> <li>5. Approved the consolidated financial statements of the Company in the 3rd quarter of 2022.</li> <li>6. Approved the 2023 budget.</li> <li>7. Approved remuneration of CPAs for 2022.</li> <li>8. Approved the 2023 Annual Audit Plan.</li> <li>9. Passed the amendments to the Company's internal control system.</li> <li>10. Approved the amendment of certain articles in the Rules of Procedure for Board of Directors Meetings.</li> <li>11. Approved the amendment of certain articles in the Procedures for Division Material Internal Information</li> <li>12. Approved the amendment of certain articles in the Remuneration Committee Charter.</li> <li>13. Approved the amendment of certain articles in the Procedures for Ethical Management and Guidelines for Conduct.</li> </ol>
1st Meeting in 2023	2023/03/02	<ol style="list-style-type: none"> <li>1. Approved the 2022 Account Book.</li> <li>2. Approved the 2022 earnings distribution plan.</li> <li>3. Approved the amendment of certain articles of the Articles of Incorporation.</li> <li>4. Approved the amendment of certain articles in the Rules of Procedure for Shareholders' Meetings.</li> </ol>

Year of Meeting	Time of Meeting	Resolutions
		5. Approved the amendment of certain articles in the Rules for Director Elections. 6. Approved the recommendation at the general shareholders' meeting to lift the non-compete clause for directors. 7. Approved matters related to the convening of the 2023 general shareholders' meeting. 8. The period for accepting shareholder proposals is set to be from March 19, 2023 to March 29, 2023. 9. Approved the 2023 evaluation of the independence and qualifications of appointed CPAs. 10. Approved the appointment of CPAs for 2023. 11. Approved the amendment of certain articles of the Sustainable Development Best Practice Principles 12. Approved the issuance of the 2021 Internal Control System Statement. 13. Authorized the Chairman to sign and deliver short-term credit loan contracts and related documents to financial institutions.

(XII) Recorded or written statements made by any director or supervisor which specified dissent to important resolutions passed by the Board of Directors in the most recent year and as of the date of publication of this annual report: No such occurrences.

(XIII) Summary of the resignation or dismissal of the Company's Chairman, general manager, heads of accounting, finance, internal audit and R&D in the most recent fiscal year up to the publication date of this annual report: No such occurrences.



## 5. Information on CPA Professional Fees

### (I) Information on CPA Professional Fees

Unit: NT\$ thousands

Name of CPA firm	CPA	CPA's duration of audit	Audit Fees	Non-Audit Fees	Total	Remark
Deloitte, Taiwan	Hsiu-Chun Huang	2022	3,670	752 (Note 3)	4,422	
	Chiu, Cheng-Chun					

Notes 1: If the Company has replaced the CPAs or accounting firm in the current fiscal year, the audit period should be listed separately, and the reason for replacement should be stated in the "Remark(s)" column. Information regarding the audit and non-audit fees paid should also be disclosed in order. The content of the service should be explained and stated in the non-audit fees.

Notes 2: Please specify the content of non-audit services: (Such as tax certification, assurance, or other financial advisory services)

Notes 3:

(1) Tax certification fee is NT\$500 thousand.

(2) The merging of system software fee is NT\$252 thousand.

1. Where the CPA firm was replaced, and the audit fees in the fiscal year, when the replacement was made, were less than that in the previous fiscal year before replacement, the amount of audit fees paid before/after replacement and reasons for paying this amount shall be disclosed: Not applicable.

2. Where accounting fee paid for the year was 10% (or more) less than that of the previous year, the sum, proportion, and cause of the reduction shall be disclosed: Not applicable.

**(II) The so-called audit fees refer to the fees paid to Certified Public Accountants with regards to the services of financial report auditing, verification, review, and financial forecast auditing.**

## 6. Information on Change of CPA

### (I) Regarding the former CPA

Replacement Date	N/A		
Replacement reasons and explanations	N/A		
Statement on whether the authorizing party or the accountant terminates or rejects the authorization	Principal	CPA	Authorizing party
	Status	N/A	
	Termination of appointment		
	No longer accepted (continued) appointment		
Other issues (except for unqualified issues) in the audit reports within the last two years	N/A		
Is there any disagreement with the issuer?	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or procedures
			Others
	None	✓	
Explanation: Not applicable			
Other items for disclosure (items in Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Regulations shall be disclosed)	N/A		

### (II) Information on the succeeding CPA:

Name of CPA firm	N/A
Name of CPA	
Date of Appointment	
Consultation given on accounting treatment or accounting principle adopted for any specific transactions and on possible opinion issued on financial report prior to appointment and results	
Written opinions from successor CPAs with regards to matters with which former CPAs disagreed	

(III) The former CPA's response to Article 10, Subparagraph 6, Item 1 and Item 2-3 of the accounting standards: Not applicable.



7. The Company's chairman, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: No such occurrences.
8. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report) by a Director, Managerial Officer, or Shareholder with a Stake of More than 10 Percent

## (I) Changes in shareholdings of directors, managers and major shareholders

Unit: Shares

Job Title (Note 1)	Name	2022		As of March 31, 2023	
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) of shares pledged	Increase (decrease) in number of shares pledged
Major Shareholder	Union Polymer International Investment Corporation	0	0	0	0
Director	Wu, Yi-Gui (representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
	Lin, Han-Fu (representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
	Liu, Zhen-Tu (representative of Union Polymer Int'l Investment Corp.) (dismissed on May 30, 2022)	0	0	0	0
Shareholder	Asia Polymer Corporation (Appointed on May 30, 2022)	0	0	0	0
Director	Wang, Ke-Shun (Representative of Asia Polymer Corporation) (dismissed on September 23, 2022)	0	0	0	0
	Wu, Pei-Ji (Representative of Asia Polymer Corporation) (appointed on September 23, 2022)	0	0	0	0
	Liu, Han-Tai (Representative of Asia Polymer Corporation)	0	0	0	0
Shareholder	USI Investment Co., Ltd. (Appointed on May 30, 2022)	0	0	0	0
Director	Wu, Hung-To (Representative of USI Investment Co., Ltd.)	0	0	0	0
Independent Director	Li, Zu-De	0	0	0	0
	Zheng, Ying-Bin	0	0	0	0
	Li, Liang-Xian	0	0	0	0
	Hsu, Cheng-I (Appointed on May 30, 2022)	0	0	0	0
Chief Executive Officer	Wu, Yi-Gui	0	0	0	0



Job Title (Note 1)	Name	2022		As of March 31, 2023	
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) of shares pledged	Increase (decrease) in number of shares pledged
Vice Chairman and General Manager	Lin, Han-Fu	0	0	0	0
Senior Executive Vice President	Hu, Chi-Hong	0	0	0	0
Senior Manager	Chen, Wan-Ta	0	0	0	0
Corporate Governance Officer	Chen, Yung-Chih	0	0	0	0
Director, Materials Manufacturing Division	Tsai, Pei-Hong	0	0	0	0
Director, Processing Manufacturing Division	Zhong, Bi-kaung	0	0	0	0
Director, Sales & Marketing Division	Chen, Wan-Yu	0	0	0	0
Manager, Accounting Department	Kuo, Chien-Chou	0	0	0	0
Director, Finance Department	Wu, Hui-Hsueh	0	0	0	0

Notes 1: Shareholders who hold more than ten (10) percent of the Company's shares should be noted as substantial shareholders, and listed separately.

(II) Information regarding equity transfer: Counterparties in equity transfers involving directors, supervisors and major shareholders were non-related parties. Managerial officers did not engage in equity transfer: No such occurrences.

(III) Information regarding equity pledges: Counterparties in equity pledges involving directors, supervisors and major shareholders were non-related parties. Managerial officers did not engage in equity pledges: No such occurrences.

## 9. Relationship Information, if among the Company's Top 10 Shareholders anyone is a Related Party, Spouse or a Relative within the Second Degree of Kinship

March 28, 2023

Name (Note 1)	Shares Held by the Person		Spouse & Minor Shareholding		Total shares held in the name of other persons		Title or name and relationship of top 10 shareholders who are related parties or each other's spouses and relatives within the second degree of kinship (Note 3)		Remark
	shares	Share holding Percentage (Note 2)	shares	Share holding Percentage (Note 2)	shares	Share holding Percentage (Note 2)	Title (or Name)	Relationship	
Union Polymer International Investment Corporation Representative: Wu, Yi-Gui	145,079,236	24.97%	—	—	—	—	APC, TTC	Same Chairman	
	0	0%	—	—	—	—			
Asia Polymer Corporation Representative: Wu, Yi-Gui	46,886,185	8.07%	—	—	—	—	UPIIC, TTC	Same Chairman	
	0	0%	—	—	—	—			
Fubon Life Insurance Co., Ltd. Representative: Tsai Ming-Hsing	24,322,000	4.19%	—	—	—	—	None	None	
	0	0%	—	—	—	—			
Taiwan Life Insurance Co., Ltd. Representative: Cheng, Tai-Kei	14,502,000	2.50%	—	—	—	—	None	None	
	0	0%	—	—	—	—			
Taita Chemical Company, Ltd. Representative: Wu, Yi-Gui	11,516,174	1.98%	—	—	—	—	UPIIC, APC	Same Chairman	
	0	0%	—	—	—	—			
Chang Hwa Commercial Bank Co., Ltd. Representative: Ling, Chung-Yuan	6,427,300	1.11%	—	—	—	—	None	None	
	0	0%	—	—	—	—			
Citibank (Taiwan) Commercial Bank is entrusted with the custody of the investment account of the Central Bank of Norway.	6,126,922	1.05%	—	—	—	—	None	None	
JPMorgan Chase Bank, Taipei Branch is entrusted with the custody of the Van Gard Emerging Markets Equity Index Fund managed by Van Gard Group	5,855,926	1.01%	—	—	—	—	None	None	
JPMorgan Chase Bank, Taipei Branch is entrusted with the custody of Vanguard Total International Equity Index Fund, a series of funds of Vanguard Starlight Fund	5,753,597	0.99%	—	—	—	—	None	None	
The New Labor Pension Fund	4,384,963	0.75%	—	—	—	—	None	None	

Notes 1: All the top 10 shareholders should be listed. For institutional shareholders, their names and the name of their representatives should be listed separately.

Notes 2: Shareholding percentage is calculated separately based on the number of shares held in the name of the person, his/her spouse and minors, and others.

Notes 3: Relationships between the aforementioned shareholders, including juristic person shareholders and natural person shareholders shall be disclosed based on the financial reporting standards used by the issuer.





10. Total number of shares and total equity stake held in any single enterprise by the Company, Its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company

Consolidated shareholding percentage

December 31, 2022

Unit: Shares

Reinvestment Entities (Note 1)	Ownership by the Company		Investments by directors, supervisors, managerial officers and directly or indirectly controlled enterprises		Total Ownership	
	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)
Taiwan VCM Corporation	259,591,005	87.27	0	0	259,591,005	87.27
CGPC Polymer Corporation	100,000,000	100.00	0	0	100,000,000	100.00
CGPC (BVI) Holding Co., Ltd.	16,308,258	100.00	0	0	16,308,258	100.00
China General Terminal & Distribution Corporation	23,892,872	33.33	0	0	23,892,872	33.33
CGPC America Corporation	100	100.00	0	0	100	100.00
Acme Electronics Corporation	3,176,019	1.74	1,256,284	0.69	4,432,303	2.43
Global Green Technology Corporation	5,000,000	100.00	0	0	5,000,000	100.00

Notes 1: The Company adopts the equity method for investments.

## IV. Funding Status

### 1. Capital and Shares

#### (I) Source of Capital

1. Total shares issued and outstanding as of the date of publication of the annual report:

March 31, 2023 Unit: Share; NTD

Year and Month	Issued Price	Authorized share capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increased by Assets Other than Cash	Others
2021.9	10	650,000,000 shares	NT\$6,500,000,000	581,050,494 shares	NT\$5,810,504,940	NT\$276,690,710 for the conversion of earnings to capital (Note 2-(1))	None	None

Notes 1: The annual data shall be updated as of the publication date of this annual report.

Notes 2: For any capital increase, the effective (approval) date and the document number shall be added: (1) Approved by the Ching Shou Shang Tzu No. 11001176700 letter dated October 8, 2021.

Notes 3: Shares traded below par value shall be indicated in a clear manner.

Notes 4: Capital increase by currency debts or technology should be stated, and the type and amount of assets involved in such capital increase should be noted.

Notes 5: Private placement of corporate bonds should be indicated in a clear manner.

March 31, 2023 Unit: Shares

Types of shares	Authorized share capital			Remark
	Issued Shares (Note)	Unissued Shares	Total	
Registered common stocks	581,050,494 shares	68,949,506 shares	650,000,000 shares	Listed

Note: Please indicate whether the shares are issued by a company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX) (Shares of which trading is restricted on the TWSE or those which are traded on the TPEX should be noted).

#### 2. Information regarding shelf registration:

Types of securities	Amount of scheduled issuance		Amount issued		The purpose and expected benefits of the issued shares	Unissued shares scheduled time of issuance	Remarks
	Total number of shares	Approved amount	Shares	Price			
N/A							



## (II) Shareholder Structure

March 28, 2023						Unit: Shares
Shareholder Structure Quantity	Government Institutions	Financial Institutions	Other legal persons	Individuals	Foreign Institutions and Natural Persons	Total
Number of Shareholders	2	3	246	74,280	169	74,700
Number of Shares	2,796,423	14,845,112	259,363,833	238,198,871	65,846,255	581,050,494
Shareholding ratio	0.48%	2.55%	44.64%	41.00%	11.33%	100.00%

Note: Companies primarily-listed on TWSE and Taipei Exchange shall disclose the proportion of its shares held by investors from Mainland China. Investors from Mainland China refer to natural persons, legal persons, organizations, institutions, or companies in areas other than Taiwan and Mainland China invested by persons of such identity as defined in Article 3 of the Regulations Governing Investment of Mainland Chinese in Taiwan.

## (III) Distribution of Equity Ownership

### 1. Ordinary shares

March 28, 2023			
Shareholding Range	Number of Shareholders	Number of Shares Held (Unit: share)	Shareholding ratio (%)
1 to 999	36,958	5,532,571	0.95%
1,000 to 5,000	27,730	58,673,933	10.11%
5,001 to 10,000	5,272	38,781,871	6.67%
10,001 to 15,000	1,872	22,818,055	3.93%
15,001 to 20,000	839	15,019,522	2.58%
20,001 to 30,000	828	20,660,885	3.56%
30,001 to 40,000	340	11,893,239	2.05%
40,001 to 50,000	249	11,333,577	1.95%
50,001 to 100,000	369	26,086,260	4.49%
100,001 to 200,000	130	17,801,319	3.06%
200,001 to 400,000	52	14,084,014	2.42%
400,001 to 600,000	19	9,067,898	1.56%
600,001 to 800,000	4	2,847,164	0.49%
800,001 to 1,000,000	6	5,465,170	0.94%
1,000,001 and more create new ranges as needed	32	320,985,016	55.24%
Total	74,700	581,050,494	100.00%

### 2. Preferred stocks: None.

#### (IV)List of Major Shareholders

March 28, 2023

Name of majority shareholders	Shares	Number of Shares Held (Unit: share)	Sharehold- ing ratio (%)
Union Polymer International Investment Corporation		145,079,236	24.97%
Asia Polymer Corporation		46,886,185	8.07%
Fubon Life Insurance Co., Ltd.		24,322,000	4.19%
Taiwan Life Insurance Co., Ltd.		14,502,000	2.50%
Taita Chemical Company, Ltd.		11,516,174	1.98%
Chang Hwa Commercial Bank Co., Ltd.		6,427,300	1.11%
Citibank (Taiwan) Commercial Bank is entrusted with the custody of the investment account of the Central Bank of Norway.		6,126,922	1.05%
JPMorgan Chase Bank, Taipei Branch is entrusted with the custody of the Van Gard Emerging Markets Equity Index Fund managed by Van Gard Group		5,855,926	1.01%
JPMorgan Chase Bank, Taipei Branch is entrusted with the custody of Vanguard Total International Equity Index Fund, a series of funds of Vanguard Starlight Fund		5,753,597	0.99%
The New Labor Pension Fund		4,384,963	0.75%



(V) Market Price, Book Value, Earnings, and Dividends in the Most Recent 2 Years

Unit: NT\$

Item \ Year			2021	2022	As of March 31, 2023 (Note 8)
Market price per share (Note 1)	Highest		47.95	36.45	29.70
	Lowest		22.45	19.05	24.95
	Average		37.15	29.33	27.50
Net Value Per Share (Note 2)	Before distribution		19.21	16.26	16.66
	After distribution		16.71	15.96	—
Earnings Per Share (Note 3)	Weighted Average Shares		581,050,494	581,050,494	581,050,494
	Earnings per share before adjustment		4.25	-0.64	0.40
	Earnings per share after adjustment		4.25	- (Note 9)	—
Dividend Per Share (DPS)	Cash dividends		2.50	0.30	—
	Stock Dividends	Stock dividends from retained earnings	0	0 (Note 10)	—
		Stock dividends from capital reserve	0	0 (Note 10)	—
	Accumulated unpaid dividends (Note 4)		—	—	—
Return on Investments	Price/earnings ratio (Note 5)		8.33	-43.80	—
	Price/dividend ratio (Note 6)		14.16	93.43	—
	Yield on cash dividend (Note 7)		7.06%	1.07%	—

\*If retained earnings or capital reserves were used for capital increase, market prices and cash dividends that were retroactively adjusted based on the number of shares after distribution should be disclosed.

Notes 1: List the highest and lowest market price of common shares for each fiscal year, and calculate the average market price for each fiscal year based on trading value and volume in each fiscal year.

Notes 2: Please fill these rows based on the number of shares that have been issued at the end of the fiscal year and the distribution plan approved at the Board of Directors or Shareholders' Meeting in the subsequent fiscal year.

Notes 3: If there was any retroactive adjustment required due to stock dividends, earnings per share before and after such adjustment should be listed.

- Notes 4: If there was any condition regarding the issuance of equity securities stating that undistributed dividends for the current fiscal year have to be accumulated till the year when a profit is recorded, the Company should separately disclose cumulative undistributed dividends as of the current fiscal year.
- Notes 5:  $\text{Price/earnings ratio} = \text{Average closing price per share for the current fiscal year} / \text{earnings per share}$ .
- Notes 6:  $\text{Price/dividend ratio} = \text{Average closing price per share for the current fiscal year} / \text{cash dividend per share}$ .
- Notes 7:  $\text{Cash dividend yield} = \text{Cash dividend per share} / \text{average closing price per share for the current fiscal year}$ .
- Notes 8: For net asset value per share and earnings per share, data from the most recent quarter that has been verified (reviewed) by CPAs as of the publication date of this annual report should be filled. For other fields in this column, data from the current fiscal year as of the publication date of this annual report should be filled.
- Notes 9: Distribution of earnings has not been approved by the general shareholders' meeting and is therefore not shown.
- Notes 10: Based on the profit distribution plan which has been approved by the Board of Directors but is yet to be acknowledged by the Shareholders' Meeting.



(VI) Dividend policy of the Company and its implementation

1. Dividend policy set forth in the Company's Articles of Incorporation

If the Company turns a profit in the year, it shall distribute compensation to directors and employees. The director compensation shall not exceed 1% of the profits of the current fiscal year; the employee reward shall not be lower than 1% of the profits of the current fiscal year. However, when the Company has cumulative loss, it should first use its profit to offset cumulative loss.

The abovementioned employee rewards can be distributed in the form of shares or cash. Rewards shall be distributed to employees of the Company's subordinate companies when they meet certain conditions. Such conditions shall be set by the Board of Directors.

If the Company records a net income after taxes (NIAT) as indicated in its final annual accounts for the current fiscal year, the Company shall use its NIAT to cover cumulative loss in the previous fiscal year. If there is remaining balance, 10% percent of this balance has to be set aside as statutory reserves, while the rest shall be regarded as distributable profit. This distributable profit shall then be combined with undistributed earnings that have been accumulated in previous fiscal years. Part of this combined amount shall be recognized as or transferred to special reserves as required by the law or the competent authority, while the remaining balance shall be regarded as cumulative distributable profit. The Board of Directors shall propose a profit distribution plan which is then submitted to the Shareholders' Meetings for approval. The Shareholders' Meeting shall retain all or part of the Company's profit based on its business performance.

In regards to the resolution on profit distribution, it has been decided that, due to the fact that the industry to which the

Company belongs is in the maturity stage, and taking into account R&D needs and business diversification, dividends paid to shareholders shall not be less than 10% of distributable profit in the current fiscal year, where cash dividends shall not be less than 10% of the total dividends. However, no dividend shall be distributed if the distributable profit per share in the current fiscal year is less than NT\$0.1.

2. The proposed dividend distribution of Shareholders' Meeting this year:

In terms of Profit Distribution Plan in 2022, the Board of Directors has proposed to distribute cash dividends of NT \$0.3 per share. The proposal shall be subject to the relevant regulations after the resolution is approved in the general Shareholder's meeting, which will held be on May 26, 2023.

Please refer to the "Market Observation Post System" of Taiwan Stock Exchange for information on the Company's compensation for directors and supervisors and rewards for employees.

3. Any expected material changes to the dividend policy should be further explained:

The Company's dividend policy is not expected to experience any material changes as of the publication date of this annual report.





(VII) Effects on the Company's business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent Shareholders' Meeting:

No financial forecast was prepared for year 2023.

Item		Year	2023 (Estimate)
Paid-up capital at the beginning of the period (Unit: NT\$)			NT\$5,810,504,940
Distribution of dividends in the current fiscal year (Note 1)	Cash dividend per share (Unit: NT\$)		NT\$0.3
	Number of allotted shares per share for capitalization of earnings		0 shares
	Capital surplus to capital allotment per share		0 shares
Changes in Operating Performance	Operating profits		Not applicable (Note 2)
	Operating income increased (decreased) over the same period last year		
	Net profit after tax		
	Net profit after tax increased (decreased) over the same period last year		
	Earnings per share		
	Earnings per share increased (decreased) over the same period last year		
	Average annual rate of return on investment (inverse of average annual cost-benefit ratio)		
Proposed mandatory earnings per share and capital gain ratio	If all of the capital surplus is transferred to cash dividends	Proposed earnings per share	
		Average annual rate of return on investment	
	If the capital reserve has not been transferred to capital	Proposed earnings per share	
		Average annual rate of return on investment	
	If no capital reserve is recorded and the capital surplus is transferred to cash dividends	Proposed earnings per share	
		Average annual rate of return on investment	

Notes 1: Distribution of dividends for 2022 is based on the earnings distribution plan approved by the Board of Directors on March 2, 2023.

Notes 2: The Company has no regulations in place for the publication of its financial forecast. Hence, changes in the Company's operating performance, pro forma earnings per share, and price-to-earnings ratio are not applicable.

(VIII) Compensation for directors and employees:

1. The ratio and scope of employee rewards and director remuneration prescribed by the Articles of Incorporation:

(1) Remuneration of Directors:

Directors' compensation shall not exceed one (1) percent of the Company's distributable earnings in the current fiscal year.

(2) Employee remuneration:

Employees' rewards shall not be lower than 1% of the Company's distributable earnings in the current fiscal year.

2. Accounting for basis for estimating the amount of compensation of directors and employees, basis for estimating the amount of share distribution, and auditing procedures for discrepancies between the estimated and the actual distributed amount in the current year:

(1) Basis for estimating the amount of compensation of directors and employees in the current year:

(1)-1 Employee compensation shall be calculated based on a minimum value of 1% of the Company's profit in the current fiscal year in accordance with the Articles of Incorporation. The compensation payable to the employees by the Company in 2022 was estimated to be NT\$0 thousand.

(1)-2 Director remuneration shall be calculated based on a maximum value of 1% of the Company's profit in the current fiscal year in accordance with the Articles of Incorporation. However, the Company did not appropriate or distribute remuneration for directors in 2022.

(2) Basis for estimating the amount of share distribution for the compensation of directors and employees in the current year: Not applicable.

(3) Auditing procedures for discrepancies between the estimated compensation for directors and employees and the actual distributed amount: Should there be any significant changes to the amounts resolved by the Board of Directors after the current financial period has ended, this discrepancy shall be adjusted to the expenses of the year in which the estimates are made. If a different amount is resolved during the shareholders' meeting, the discrepancy will be treated as changes in accounting estimates and accounted in the year the shareholders' meeting takes place. In the event a stock bonus is opted for the employee rewards at the general shareholders' meeting, the number of shares shall be determined by dividing the amount specified in the resolution by the fair value of the stock. The fair value of the stock refers to the closing price one



day prior to a shareholders' resolution (accounting for the impact of cash and stock dividends).

3. Information on the distribution of 2022 employee compensation approved in the Board of Directors meeting on March 2, 2023:
  - (1) Distribution of compensation for directors and employees.  
Directors' rewards: None.  
Employee remuneration: None.
  - (2) Discrepancy between the amounts above and the estimates  
For the year: None.  
Reason for the discrepancy: Not applicable.  
Processing conditions: Not applicable.
4. If there is any discrepancy between the actual amount of compensation distributed to employees and directors (including number and dollar amount of shares distributed, as well as share price) and the recognized amount of compensation for employees and directors in the previous fiscal year, the amount, causes and treatment of such discrepancies shall be stated:

Unit: NT\$ thousand

Item	Remuneration for Employees and Directors for 2021		Discrepancy	Reasons for discrepancy and processing method
	Amount reported in Financial Statements	Amount actually distributed		
Employee remuneration	26,485	26,485	0	No discrepancy
Remuneration of Directors	0	0	0	No distribution

5. The Company will participate in the salary survey of the petrochemical industry every year, evaluate the salary level in the market, make appropriate adjustments and planning for the salary of employees (the average pay rise rate in 2022 is about 3.0%), and give special salary adjustment to talents with excellent performance to achieve a competitive salary level in the market.

Average salary:

Item	Content	2022	Discrepancies from the previous year
1	The number of full-time employees who are not supervisors	661	-18
2	Average salary of full-time employees who are not supervisors (NT\$ thousand)	942	-248
3	Median salary of full-time employees who are not supervisors (NT\$ thousand)	904	-261

Notes 1: The number of full-time employees who are not supervisors.

Notes 2: Average salary of full-time employees who are not supervisors.

Notes 3: The disclosure may refer to Subparagraph 31, Paragraph 1, Article 3 of the "Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds".

Notes 4: This table is parent company only, including the average salary of CGPC full-time employees who are not supervisors.

(IX) Repurchase by the Company of its own shares during the most recent fiscal year up to the publication date of this report:

No such occurrences.

## 2. Issuance of Corporate Bonds

(I) Issuance of corporate bonds: None.

(II) Information regarding the Conversion of Corporate Bonds: None.

(III) Information regarding Corporate Bond Swap: None.

(IV) Information regarding Shelf Registration for Corporate Bonds: None.

(V) Information regarding Equity Warrant Bonds: None.

## 3. Issuance of Preferred Stocks: None.

## 4. Issuance of Global Depositary Receipts: None.



5. Issuance of employee stock options as and names of managerial officers receiving ESO and names of top ten employees receiving ESO, their exercise and subscription as of the publication date of the Annual Report: None.
6. New shares with restricted employee rights and names of managers and the top ten employees who are entitled to receive restricted shares as of the publication date of the Annual Report: None.
7. Status of New Share Issuance in Connection with Mergers and Acquisitions: None.
8. The State of Implementation of the Company's Capital Allocation Plans
  - (I) As of one quarter before the publication date of this annual report, previous issuance or private placement of marketable securities that have not been completed and their plan and implementation status: None.
  - (II) As of one quarter before the publication date of this annual report, previous issuance or private placement of marketable securities that have been completed but are yet to record any benefit within the past three fiscal years: None.

# V. Operations Overview

## I. Business Activities

### (I) Scope of business:

#### 1. Main businesses

- (1) Manufacture plastic and its required raw materials
- (2) Manufacture processed plastic products and the chemicals they require
- (3) Manufacture, store, transport, sell, trade and resell vinyl chloride monomer (VCM)
- (4) Manufacture and sell technical services (including design and installation) for chemical machinery equipment (including vinyl chloride monomer (VCM) plant equipment)
- (5) Underground water remediation.
- (6) Distribution and processing of the above products
- (7) Research and promotion services related to the above businesses

#### 2. Main products and their proportion in operations:

Product category	Ratio
Vinyl chloride monomer	6%
PVC resin, PVC compound and chlor- alkali	74%
PVC construction products: Pipes, pipe fittings, door panels and anti-corrosion protection panels	5%
PVC film/sheet: flexible film/sheets, rigid film/sheet, semi-rigid film/sheet, laminating film/sheet, printed film/sheet	9%
PVC leather:leather and sponge leather	6%

#### 3. Plans for new product development:

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>● Raw material low-membrane easily gelatinized PVC resin</li> <li>● PVC dispersant countermeasure test</li> <li>● Energy generation through residual hydrogen</li> <li>● Flattened, 100% non-cracking PVC compound for valves</li> <li>● PVC wire harness tape</li> <li>● Easy cut door edge tape</li> <li>● High softening temperature car pedal pad</li> </ul> | <ul style="list-style-type: none"> <li>● Anti-virus door plate development</li> <li>● Development of High Hydrolysis Resistant TPU Materials and Related Products</li> <li>● Low VOC PVC/TPE series leather</li> <li>● Solvent-free surface treatment leather for PVC/TPE</li> <li>● Recycled TPE leather for end products</li> </ul> |
|---|---|



<ul style="list-style-type: none"> <li>● Japanese tape for marking line</li> <li>● Sponge leather development for Casting-like furniture</li> <li>● Development of special black cooling leather for marine seats</li> <li>● Marine soft leather development</li> <li>● TPO anti-static transparent film</li> <li>● TPO fish-electric symbiotic pool film</li> <li>● TPO automotive dashboard light-transmitting film</li> </ul>	<ul style="list-style-type: none"> <li>● Development of solvent-free TPE/PVC cloth paste</li> <li>● GRS Global Recycling System Certification</li> <li>● Anti-virus rigid sheet development</li> <li>● Bio-shell powder antibacterial and anti-mold leather development</li> <li>● TPU headset cover tape development</li> <li>● TPO car center island/footrest pad</li> </ul>
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## (II) State of the industry

### 1. Current state and development of the industry:

In 2022, PVC and VCM rebounded briefly to annual highs amidst the Russia-Ukraine war and accidents affecting Asian producers. Subsequently, due to the global interest rate hike and China's maintaining zero policy, Asian PVC prices fell for eight months in a row, severely impacting the overall VCM demand. PVC producers even sold VCM to reduce inventory risk, and the VCM market was then revised downward to the lowest price in two years.

In terms of raw materials:

**EDC:** In the first half of the year, EDC exports declined year-on-year due to tight supply and strong domestic demand for PVC, while prices remained high. Alkali prices rose in the second half of the year and the operating rates of US and Asian chlor-alkali plants remained high, but global PVC demand was low and EDC oversupply led to a significant price easing.

**Ethylene:** The new production capacity of ethylene in the past two years is close to 10 million tons, but the outbreak of the Russia-Ukraine war pushed up energy prices, affecting ethylene production. The worsening global inflation led to suppressed demand for petrochemical raw materials, the price at the end of the year in Northeast Asia fluctuated at about CFR \$900 / mt.

2. The correlation among the upstream, midstream and, downstream of the industry:

The Company is a midstream and downstream producer of plastic materials and products in the petrochemicals industry. The upstream material EDC is supplied by Formosa Plastics Corporation and foreign companies. Ethylene is supplied by CPC Corporation and foreign companies. Liquid chlorine is produced by Taiwan Chlorine Industries Ltd. EDC is cracked to produce VCM and hydrochloric acid gas. Ethylene, oxygen, and hydrochloric acid produce EDC via oxychlorination. VCM produces PVC resin via polymerization, which is then supplied to secondary plastic processing plants in Taiwan in order to produce a series of plastic products such as plastic leather, plastic sheets, plastic pipes, and pellets.

3. Product development trends and competition:

In the current PVC industry in Taiwan, the annual production volume of VCM at the Company and Formosa Plastics Corporation is 485 thousand tons and 1.644 million tons respectively. The annual production volume of PVC resin at the Company, Formosa Plastics Corporation, and Ocean Plastics Co., Ltd. is 450 thousand tons, 1.785 million tons, and 150 thousand tons respectively. The main downstream processing industrial players in need of the material include manufacturers of plastic tapes, plastic sheets, and building materials.

In 2022, the volume of domestic private real estate sales and the construction industry decreased compared with 2021. The manufacturing industry was affected by the global inflation, consumer contraction and worsening domestic exports in the second quarter of the year, and declined quarter by quarter, leading to the reduction of the demand for building materials, civil leather raw materials and consumer products. The COVID-19 continued in 2022, and due to the shortage of supply and soaring freight prices, the PVC transaction market met a new annual high in Q1. In Q2, affected by the cooled demand and the increase of the PVC supply in the United





States, the international market saw decrease for 8 consecutive months with the decrease rate of 47%, leading to significant reduction of revenue and profits.

In 2022, the focus of operations was still on full production and sales. Although the costs of upstream EDC/ethylene have been adjusted according to the prices of PVC resin, the overall operation strategy is still focusing on controlling bulk price and seeking single source with high price as the main planning.

### **(III) Technology, Research and Development**

1. Research and development investment for 2022: NT\$72,479 thousand
2. R&D expenses for 2023 as of the publication date of the Annual Report: NT\$20,061 thousand
3. Successfully developed technologies or products
  - (1) Successfully developed technologies
    - (1-1) Development of benzene-free solvent
    - (1-2) Polymerization experiment of 30L PVC
    - (1-3) PVC resin moisture AI monitoring
    - (1-4) PVC rigid foam pipe production technology
    - (1-5) PVC rigid foam door panel production technology and formula
  - (2) Successfully developed products
    - (2-1) Waterproof submerged pump cable PVC compounds
    - (2-2) 25KV non-toxic cables
    - (2-3) PVC foaming door panels
    - (2-4) PVC inkjet printing for advertising fabric
    - (2-5) Non-p floor tile protective layer
    - (2-6) PVC tape for PVC low shrinkage and masking purposes
    - (2-7) Low temperature resistant PVC film for outdoor door frames
    - (2-8) Interior tour bus seats & upholstered soft leather
    - (2-9) Marine & jet ski seat leather
    - (2-10) MIH electric BUS seat sponge leather
    - (2-11) Non-arsenic mold inhibitor and black color film counterpart development

(2-12) Soft leather for farm machinery seats

(2-13) United Kingdom baseball glove sponge leather

(2-14) TPE shoe series (R-grade) products

(2-15) Anti-viral leather

(2-16) Carbon black TPE leather recycled from waste tires

#### 4. R&D projects in the most recent fiscal year

Unit: NT\$ thousand

Research and development project	Current progress	Research expenses to be reinvested	Estimated time to complete mass production	Major factors that influence the success of R&D in the future
Low VOC PVC/TPE series rubber leather	50%	15,000	Before the end of 2023	Equipment, formulas and process conditions
Development of solvent-free PVC/TPE cloth paste	25%	600	By the middle of 2023	Equipment, formulas and process conditions
Solvent-free surface treatment leather for PVC/TPE	75%	500	By the middle of 2023	Equipment, formulas and process conditions
TPU headset cover tape development	50%	500	By the middle of 2023	Raw materials, formulas and process conditions
TPO car center island/footrest pad	75%	500	By the middle of 2023	Raw materials, formulas and process conditions
TPO fish-electric symbiotic pool cloth	25%	500	By the middle of 2023	Raw materials, formulas and process conditions
Soft leather development for Casting-like furniture	25%	500	Before the end of 2023	Raw materials, formulas and process conditions
TPO anti-static transparent film	25%	500	Before the end of 2023	Equipment, formulas and process conditions
TPO automotive dashboard light-transmitting film	25%	500	Before the end of 2023	Raw materials, formulas and process conditions
Low-membrane rapidly gelatinized PVC resin	25%	500	Before the end of 2024	Equipment, formulas and process conditions
TPE leather products for car seats	75%	300	By the middle of 2023	Raw materials, formulas and process conditions
Anti-virus door plate development	75%	300	By the middle of 2023	Raw materials, formulas and process conditions
GRS Global Recycling System Certification	75%	300	By the middle of 2023	Raw materials, formulas and process conditions
Anti-virus rigid sheet development	75%	300	By the middle of 2023	Raw materials, formulas and process conditions
Development of High Hydrolysis Resistant TPU Materials and Related Products	25%	300	Before the end of 2023	Raw materials, formulas and process conditions
Recycled TPE leather for end products	25%	300	Before the end of 2023	Raw materials, formulas and process conditions
Development of special black cooling leather for marine seats	25%	300	Before the end of 2023	Raw materials, formulas and process conditions
Bio-shell powder antibacterial and anti-mold leather development	50%	300	Before the end of 2023	Equipment, formulas and process conditions
Marine soft leather development	25%	200	Before the end of 2023	Raw materials, formulas and process conditions
Flattened, 100% non-cracking PVC compounds for valves	0%	200	Before the end of 2024	Raw materials, formulas and process conditions
Water-based scratch-resistant soft PVC leather for automobiles	100%	0	By the middle of 2022	Raw materials, formulas and process conditions
Low temperature resistant PVC film for outdoor door frames	100%	0	Before the end of 2022	Raw materials, formulas and process conditions
Non-p floor tile protective layer	100%	0	Before the end of 2022	Raw materials, formulas and process conditions



Research and development project	Current progress	Research expenses to be reinvested	Estimated time to complete mass production	Major factors that influence the success of R&D in the future
PVC tape for PVC low shrinkage and masking purposes	100%	0	Before the end of 2022	Raw materials, formulas and process conditions
UV resistant PVC film for edges of decorative trim	100%	0	Before the end of 2022	Raw materials, formulas and process conditions
PVC inkjet printing for advertising fabric	100%	0	Before the end of 2022	Raw materials, formulas and process conditions
Development of third-generation stain-resistant PVC leather	100%	0	Before the end of 2022	Raw materials, formulas and process conditions
Sponge leather multi-printing transferring film	100%	0	Before the end of 2022	Raw materials, formulas and process conditions
Electric bus seat and interior leather	100%	0	Before the end of 2022	Raw materials, formulas and process conditions
TPE shoe series (R-grade) products	100%	0	Before the end of 2022	Raw materials, formulas and process conditions
Development of benzene-free TPE cloth paste	100%	0	Before the end of 2022	Raw materials, formulas and process conditions
Waterproof submerged pump cable	100%	0	Before the end of 2022	Raw materials, formulas and process conditions
PVC resin moisture content AI control	100%	0	Before the end of 2022	Raw materials, formulas and process conditions
Polymerization experiment of 30L PVC	100%	0	Before the end of 2022	Equipment and process conditions
Improve whiteness of PVC resin	100%	0	Before the end of 2022	Equipment

#### (IV) Long-term and short-term business development plans

##### 1. Short-term plans:

###### VCM:

The Company will strengthen the industry chain integration in order to stabilize the high production volume and quality, as well as actively explore stable sources of raw material supply.

###### PVC resin:

- (1) The Company will actively establish cooperative relationships with main customers, continuously develop new customers and high-value industries, and participate in public projects in Taiwan. The Company's domestic sales market share is still expected to hold steady in 2023.
- (2) Flexible use of product diversification and division of labor at both its Toufen plant and Linyuan plant will fragment the market and customers, screen for customers with good credit ratings, strengthen sales and distribution channels in the main market and increase the proportion of downstream manufacturers, so as to balance market fluctuations due to peak

and off-peak seasons and eliminate bottlenecks that resulted from an excessive concentration of sales orders on traders.

Chlor-alkali :

- (1) The domestic economy weakened in 2022, and the electronic and communication industry started to decrease in line with export demand. However, the high price of Asian liquid alkali was sound, and the production and sales of domestic chemical products in 2022 showed the same price/volume increase. In 2023, the Company will continue to strengthen its relations with the sales channels and expand the integration of downstream marketing to enhance the quality of its services, ensure stable sales volume and increase sales.
- (2) 45% of liquid caustic soda faces competition from imported products. Hence, the sales department will strengthen the relationships with core customers in order to maintain market share.

PVC compounds:

- (1) The Company will also continue to develop niche new products and PVC compounds for medical equipment and rigid pipe fittings, as well as low-odor and transparent PVC compounds .
- (2) The Company will continue to enhance product quality and ensure accurate delivery and services.
- (3) The Company will develop business opportunities for piping in South Asia in cooperation with large-scale local manufacturers and customers who are agents for product promotion.
- (4) The Company will use the trade service network to grasp opportunities for network sales in major markets and promote and sell PVC compounds to emerging markets in China, Northeast Asia, and Southeast Asia.

PVC processed products:

- (1) The Company will optimize the piping materials product portfolio and stabilize and improve the market share in building materials. Actively participate in the supply of public construction projects to increase sales volume and the raw



material costs shall be reflected in the floating price to improve profitability.

- (2) Promote the application of functional products made of environmental protection materials, enhance the added value of products and brand image, and pursue material innovation to enhance sales volume and benefits.
- (3) The Company will enhance product awareness and expand business opportunities for plastic leather/sheets through media advertising, website design, and participation in various major exhibitions.
- (4) The Company will also join forces with its peers to strengthen the supply of various types of artificial leather, with the purpose of increasing its product portfolio and enhancing horizontal competitiveness.
- (5) The Company will upgrade the FORBID anti-stain processing agent. In addition to improving the stain removal effects, we shall develop water soluble formulas and improve matte feel to expand the market.
- (6) The business of leather for agricultural equipment and seats in North America has been stable. In this market, the Company has successfully secured stable annual orders from a major tractor seat manufacturer in the U.S. These orders will expand our product portfolio and sales performance. In addition to the original OEM truck market, we are working with customers to develop electric vehicle seat leathers to increase the sales of interior and seat leathers and expand the application of our products.
- (7) The upgraded anti-mold formula for PVC leather used in ships has met the REACH requirements. Hence, the Company is expected to establish and benefit from a stable source of orders for this product in the European market. We shall also upgrade the anti-UV formula for leather used for boats to enter the OEM marine leather market in the United States.
- (8) The Company will improve formulas and related labels in line with regulatory requirements of Prop #65 in the North American

market; hence, market operations in this region are expected to be more sound and robust.

- (9) The Company will strengthen the promotion of green brands, and continue to optimize TPO and TPU environmentally friendly materials by upgrading its formula. We also introduced high-temperature reduction leather, which is mainly promoted in the furniture, marine, automotive, shoe, and other product markets. Material innovation and deep environmental protection awareness will improve market performance.
- (10) We are actively promoting the use of translucent leather in various applications such as amusement parks, car interiors, casinos, office equipment, and hotel facilities. The main markets is still the OEM automotive and electric vehicle market.
- (11) The Company will focus on developing rigid PVC sheets in Asia. The market share has been successfully boosted, and the business is expected to grow in 2023.
- (12) The Company will develop the new market for automobile PVC film/sheet in Europe and we expect to increase sales performance substantially in 2023.
- (13) The COVID-19 epidemic is slowing down, and all countries are gradually releasing the restrictions, which is conducive to trade shows. The Company will continue to use e-commerce/ network services to grasp the market business opportunities for promotion.

## 2. Long-term plans:

### VCM:

The Company will implement occupational safety and health policies, as well as stabilize manufacturing and production in order to reduce costs and ensure the long-term stability of product supply.

### PVC resin:

The Company will enhance differentiation in product processing and continue to expand selling for special specifications.

### Chlor-alkali :

The Company will also fully utilize its existing production capacity and improve the debottlenecking of its equipment in order



to increase product quality and establish stable sales and distribution channels.

PVC compounds :

The Company will continue to enhance the quality of its products and engage in the development of new functional formulas. The Company will also engage in the research and development of high-end products in response to increasing product competitiveness.

PVC processed products:

- (1) The Company will enhance research on processing technologies and improve equipment and its environment in order to produce differentiated products, thereby segmenting the competitive traditional products.
- (2) The Company will improve the capacity to build machinery and raw materials to produce products with high-added value and expand production capacity for professional products to increase market share.
- (3) The Company will continuously promote products to countries and regions with high economic growth such as Southeast Asia, South Asia, and South America. The product portfolio to be promoted includes SRT stain-resistant leather, cooling leather, automotive leather and stationery, universal, pool, and adhesive sheets.
- (4) The Company will search for information on fashion and trends to continuously develop trendy emboss and color combinations, and jointly develop new PVC plastic products with peers to create a more complete product portfolio to develop more customers.
- (5) In line with the updated environmental protection regulations, the Company will continue to engage in formula adjustment and supporting measures, improve its corresponding measures, and optimize equipment to enhance product value.
- (6) The Company will continue the research and promote environmentally friendly materials for industries including shoes, automotive, furniture, marine, flooring, and other product markets. The Company will put efforts to reduce the

production cost of environmental protection materials, in order to improve the market competitiveness and acceptance.

(7) We will continue to observe the changes in geopolitical competition between the U.S. and China, the development of the Russia-Ukraine war and the impact of the COVID-19 on the economy and industry in 2023, and pay attention to the production and sales trends based on the downstream shift of production bases.

(8) The Company plans the export of artificial leather as the object of carbon footprint inspection to enhance the competitiveness of international brands.

## **II. Analysis of the Market as well as Production and Marketing Situation**

### **(I) Market Analysis:**

1. Sales regions and market share for major products

#### VCM:

For VCM, the ratio of domestic sales to exports to the Company's own use is 8:0:92.

#### PVC resin:

For PVC resin, the ratio of domestic sales to exports to the Company's own use is 12 :78:10. The main export regions are Bangladesh, India, Southeast Asia, Middle East, South America, and Africa.

#### Chlor-alkali :

Chlor-alkali products are sold mainly to Hsinchu Science Park, Central Taiwan Science Park, and northern regions, accounting for approximately 70% of total sales. The main customers for these products are electronics and petrochemical industries. The Company's market share in the domestic market is: approximately 2 to 3% for liquid caustic soda and approximately 16 to 18% for hydrochloric acid and liquid bleach.

#### PVC compounds:

Currently, the sales volume is concentrated on domestic market, while the export market has seen high raw material and shipping





prices due to COVID-19, and existing customers have to switch to local purchases, requiring the development of new projects.

PVC processed products:

- (1) Construction products: Sales are mainly concentrated in domestic sales. The Company's domestic market share is: approximately 18% for PVC pipes. The market share of PVC door panels is gradually increased.
- (2) Film/sheet: The ratio of domestic sales to exports is 55: 45 and the Company's market share in the domestic market is approximately 21%. These products are exported mainly to the Americas, Europe, Australia, South Africa, Russia, Japan, Mainland China, Vietnam, Bangladesh and Southeast Asia.
- (3) Leather: The ratio of domestic sales to exports is 40:60, while its market share in the domestic market is approximately 28%. These products are exported mainly to North America, Europe, Australia, Japan, Mainland China, Malaysia and India.

2. Market supply and demand, and market growth in the future

VCM:

Because of the low demand for PVC in 2022, some VCM plants reduced production. Inventories of all manufacturers are low, which continued to Q1 of 2023. VCM plants in Asia are experiencing short-term shortage of VCM due to age-related repairs and unanticipated stoppages. PVC has rebounded from a deep drop, and it is expected that the market of VCM will recover at the same time. However, the new 400,000 tons of VCM production capacity of Spchemicals in China will be launched soon, and its supporting PVC will be postponed to the next year, so the supply of VCM in Asia may gradually be eased after Q1. Generally, the releasing of COVID-19 will help global PVC and VCM demand recover simultaneously.

PVC resin:

- (1) The PVC market experienced price correction for three quarters in 2022. The inventories in main markets were at low level, waiting for new products. At the beginning of 2023, the market condition hit the bottom and rebounded, and India purchased a

lot of products first, pushing up the dealing price and driving the purchase in other markets.

- (2) In 2023, the domestic market witnessed growth reduction due to public works demand and downstream industry inventory increase quarter by quarter. Secondary and tertiary processing industries provide support for PVC resin demand. However, the downstream processing industry is suffering from the high cost of raw materials and the rise of the Taiwan dollar exchange rate, which is not conducive to competition and suppresses the growth of export and domestic industries. However, according to the overall assessment, the growth is possible in 2022.

#### Chlor-alkali:

Domestic large-scale Chlor-alkali users are expected to maintain steady rates of demand in 2023 mainly due to the change and growth in upstream production capacity in the semiconductor, display panel, and petrochemical industries.

#### PVC compounds:

The domestic market for PVC compounds is expected to achieve a small-scale growth in 2023 from 2022. We shall continue to develop the pipeline material market in South Asia and business opportunities with pellet users in Central Asia, Southeast Asia, and South America for our export sales.

#### PVC processed products:

- (1) Construction products: The government continues to curb on speculation and house price rise by successively introducing credit measures to control real estate speculation in 2023. New public construction projects are being launched. The sales volume of building materials in 2023 is expected to remain steady.
- (2) Film/sheet: In 2022, the situation of COVID-19 was released and the blockages of many countries have been eliminated. The ocean freight cost and raw material price continued to reduce, but the global inflation was serious, terminal consumption shrunk, it was difficult to reduce the high inventory in the supply



chain, and the company had to response to such conditions by reducing load, leading to the reduction of demand and reducing the purchase amount.

Looking forward to 2023, the domestic and overseas PVC product markets continue to recover quarter by quarter. The Company continues to keep niche products in its product portfolio, and mainly promotes high value-added products. The export market is based on the Company's stable customer base and the company and long-term coordination between the Company and customers is good. Both the Company and its customers spared no effort in developing new products and new markets and we have achieved significant results in this respect. At the same time, the Company's export team continued to develop new customers and new markets, thereby significantly contributing to the Company's sales volume.

- (3) Leather: In 2023, domestic sales will continue to expand to indirect export channels for products with promotional functions and environmentally friendly materials. Exports will continue to focus on markets including the United States. Despite low-price competition from Vietnam, India, Mexico, and China, the new product research and development, increase in the product portfolio, and new market development by the Company's production and sales team are expected to increase sales volume in 2023.

### 3. Competitive Niches

#### VCM:

Taiwan VCM improves manufacturing processes and equipment to stabilize production and maximize production capacity, purchases competitive raw materials, improves production performance, and reduces costs in order to increase the overall profitability of the entire industry chain.

CGPC and its subsidiaries adhered to the spirit of integration of the vinyl chain and worked together toward the goal of maximizing the production and sales of VCM/PVC/processed products and other

products. We seek to minimize costs while stabilizing ourselves amid a series of challenges as we wait for opportunities to create profitability.

PVC resin:

Stable and suitable quality, fast and accurate delivery, full understanding customer needs and full cooperation are the keys to the Company's competitiveness in domestic sales and export of PVC resin.

Chlor-alkali:

- (1) Long-term cooperation with companies in Hsinchu Science Park and Central Taiwan Science Park has established a great reputation for the Company's quality and services.
- (2) The Company is close to Hsinchu Science Park and Central Taiwan Science Park and we enjoy advantages in the speed of supply.

PVC compounds:

The Company holds the advantage to stably supply PVC compounds and possesses experienced R&D teams that strive to improve quality and develop high value-added new products for its customers.

PVC processed products:

- (1) Own brand with established brand recognition.
- (2) Sound quality control and after-sales services.
- (3) Wide range of current product lines and downstream sales categories prevent the peak and low seasons of a single industry from impacting overall sales volume.
- (4) Vertical integration for VCM, PVC resin, and downstream processing.
- (5) Comprehensive professional technical talents.
- (6) Comprehensive international sales sites.
- (7) Comprehensive IATF16949 (International Automotive Task Force) and ISO 9001 quality management system provide outstanding quality assurance.



- (8) The Company is able to comply with increasingly rigorous environmental protection regulations such as Prop#65, REACH, and RoHS to provide a favorable basis for export markets.
4. Favorable and unfavorable factors affecting the Company's development prospects and corresponding countermeasures

VCM:

● Favorable Factors:

- (1) Vertical integration for VCM and PVC resin.
- (2) Fully seizing sources of the main raw material EDC and ethylene
- (3) Fully utilizing the production capacity to effectively reduce production costs.

● Unfavorable Factors:

- (1) With the increasingly strict domestic environmental protection policy, accelerated implementation of draft resolutions related to energy conservation and carbon reduction, along with the direction of amendment of the Labor Standards Act, supporting measures and grace periods were below expectations, thereby limiting the transformation and development of the petrochemical industry.
- (2) As the international situation is unpredictable, it is affecting the transportation costs and the price of raw materials. The Russia-Ukraine war may cause related costs to rise.
- (3) Domestic supply of ethylene is unstable, while the cost of ethylene is fluctuated.
- (4) Concerns about inflation will cause an increase in uncertainty on the demand side.

● Response Measures:

- (1) Upgrade production equipment, accelerate the improvement and investment of energy conservation, water conservation, electricity conservation facilities, and carbon emissions reduction while improving operation efficiency to maintain high productivity.
- (2) Continuously communicating with the government about the Company's plan for fulfilling corporate social responsibility and

environmental responsibility in order to achieve consensus on related issues.

- (3) Performing continuous control on the source of competitive raw materials and adopting flexible production and sales strategies in response to evolving market changes.
- (4) The VCM is mostly used by the Group. We shall carefully adjust inventory and strengthen vertical integration advantages to improve overall profitability.

PVC resin:

● Favorable Factors:

- (1) The downward adjustments of upstream products such as ethylene and EDC help improve profitability in the PVC industry.
- (2) The production of PVC at the Company's Toufen plant and Linyuan plant complement each other, thereby diversifying product features and ensuring faster delivery of goods with sufficient inventory and flexible and rapid delivery.
- (3) Vertical integration for VCM, PVC resin, and secondary processed products.
- (4) Strengthen customer relations and services.
- (5) The Company continues to achieve breakthroughs in production and sales to effectively reduce production costs.

● Unfavorable Factors:

- (1) The U.S. is overcoming supply problems, and with the addition of new production capacity, oversupply and inventory pressure are affecting the balance of supply and demand in the global PVC market.
- (2) The international market of PVC started to rise at the beginning of 2023, which accelerated the Chinese PVC resin mills to pull up the production rate and wait for the opportunity to export at low price to take orders and disturb the market order.
- (3) Taiwan and the main PVC consumer countries have not signed the FTA. Compared to mainland China, Japan, Korea and Southeast Asian countries where manufacturers could enjoy



tariff preferences, the sales space for products made in Taiwan has been compressed.

- Response Measures:

- (1) Actively acquire the market of commercial materials for downstream manufacturers in Southeast Asia, India, Bangladesh, and Brazil and establish stable cooperative relationships with them.
- (2) Through distribution channels operated by agents and traders, actively solidify customer base in both India and Bangladesh where the demand for PVC is rapidly growing to expand the sources of sales orders.
- (3) We are actively applying for various certifications to comply with product regulatory requirements for raw materials or processed products and to expand our business opportunities. The completed or pending applications include ISO 14001 environmental management system certification, SGS 2021 greenhouse gas testing declaration, carbon footprint certification.
- (4) Seeking for long-term support from key customers in each region.
- (5) Enhancing product quality and developing products with unique specifications to enable market differentiation.
- (6) Streamlining organizational operations, improving operational efficiency and enhancing customer service.

Chlor-alkali:

- Favorable Factors:

- (1) The Company has established product quality over a long period of time.
- (2) The Company has a good customer portfolio as market demand for these products is experiencing stable growth.

- Unfavorable Factors:

- (1) The domestic hydrochloric acid market is impacted by the increase in the production of secondary hydrochloric acid which arose from the expansion of potassium sulfate plants.

- (2) The Company's liquid caustic soda product is faced with the competition of goods imported from Mainland China in domestic sales, which has squeezed the Company's profit margin.

- Response Measures:

- (1) Segmenting sales markets to establish stable sales and distribution channels.
- (2) Continuously increasing production quality and efficiency, and optimizing production and sales planning.

PVC processed products:

- Favorable Factors:

- (1) Vertical integration of upstream and downstream processing.
- (2) Sound quality control and after-sales services with own brand.
- (3) Comprehensive professional technical talents.
- (4) Automotive leather has received IATF16949 certification.
- (5) Research and development in new high value-added and environmental protection products.
- (6) Continuous improvement of equipment, process, and quality.
- (7) Establish overseas sales locations and shore up sales channels to expedite market expansion.
- (8) The Company has printed its identification labels on PVC leather and PVC sheets sold domestically and abroad in order to increase brand awareness and effectively increase customers' willingness to purchase.
- (9) Continuous research and development of environmentally friendly materials will help enhance product segmentation and market promotion. In 2023, the Company will plan consecutive new product launches focusing on the furniture market in the Americas and marine internal decoration markets. The Company is expected to experience an increase in profit and performance in the Americas in the same year.
- (10) Apply surface resin processing technologies and expand applications to PVC leather, film and other products. The Company is expected to increase sales volume in the agricultural machinery internal furnishing market in the United States.





- Unfavorable Factors:

- (1) Development of high value-added and differentiated products is not yet ready.
- (2) The cost of green eco-friendly materials is high.
- (3) OEM automotive leather exports are restricted by rigorous quality requirements and the long testing and development schedule delays qualification certification.
- (4) Environmental regulations in Europe and the U.S. are becoming more stringent. The Company adjusted product formula and reorganized sales regions in North America in response to the restrictions on the use of flame-retardant agents.
- (5) The competition between low-priced products in the same industry at home and abroad and the tariff barriers set by various countries have set up bottlenecks in the Company's plan for market expansion.
- (6) Some markets require replacement materials for PVC.
- (7) The Company continues to face exchange rate pressure, which reduces export competitiveness.

- Response Measures:

- (1) Win public projects and obtain rights to supply building materials for private construction projects.
- (2) Continuously engaging in the research and development of eco-friendly materials and high value-added products. Establish and obtain GRS certification for environmental friendly materials to increase competitiveness.
- (3) Segmenting sales by product and market to acquire markets for high value-added products.
- (4) Continuing to reduce production costs and improve production technology, and building VOC treatment equipment to meet regulatory requirements and significantly improve product competitiveness.
- (5) Leveraging the MIH platform and our existing production technology and experience in automotive products to actively promote the seat leather business opportunities for domestic and overseas sales of electric vehicles.

- (6) Actively developing new products and applying for patents for inventions or new types of patents. We have obtained two new patents for our leather in 2023, which will provide concrete assistance in terms of product awareness and business expansion.
- (7) Developing business opportunities in emerging markets and launchings new products to capture market share.
- (8) Using the successful high-end product portfolio in North America to make promotion in other shipping or furniture markets overseas; the main target regions are Europe, Australia and Asia.
- (9) Cooperating with U.S. professional channels of OEM automotive leather and leveraging their profession to accelerate market entry into the automobile industry supply chain.
- (10) Establishing strategic alliances with domestic and overseas brands, as well as developing and promoting new materials.
- (11) Engaging in information exchange about products and horizontally promoting featured products from different regions to markets across the five continents.

## **(II) Important uses and production processes of major products**

### **1. VCM:**

VCM is mainly used to produce PVC resin and the main material is EDC. VCM and hydrochloric acid are produced in cracking. Ethylene, oxygen and hydrochloric acid produce EDC via oxychlorination (reverse reaction).

### **2. PVC resin:**

PVC resin is mainly used for producing flexible film/sheet, leather, rigid film/sheet, rigid pipes, and extrusion construction products. The materials include VCM, initiators, and dispersants and it is produced through polymerization and drying processes.

### **3. Chlor-alkali:**

Mainly used in water treatment and the production of food MSG, synthetic fibers, detergents, dyes, pulp, steel, etc. and the materials consist of industrial salt, other indirect materials, and water which are refined into pure brine, which is then electrolyzed into liquid



caustic soda, hydrogen and chlorine using ion-exchange membranes. Chlorine gas is then reacted with hydrogen and liquid caustic soda to synthesize hydrochloric acid and bleaching liquid.

4. PVC Construction Products:

Production of PVC pipes, foamed PVC pipes, door panels, and foamed door panels and sewer lining mainly for buildings (water pipes, rain/ sewage drainage pipes, wire-protection sleeves, room door, bathroom door and panels), public construction projects (water supply and drainage construction, wire-protection sleeves, and wastewater sewage construction). Raw materials include PVC resin and stabilizing agents which undergo procedures including mixing, gelatinization, extrusion, cooling, and cutting flaring.

5. Soft PVC film/sheet:

They are used for the production of plastic cloths, half-rigid cloths, transparent cloths, waterproof membranes, swimming pool cloths, net cloths, blowing cloths, adhesive cloths, furniture cloths, advertisement cloths, screen cloths, raincoat cloths, table cloths, shower curtain cloths, and curtain cloths. They are produced from PVC resin, plasticizers, and other auxiliary materials which are mixed under low or high temperature before undergoing procedures including gelatinization, filtering, deferred pressure, cooling, and coiling extraction. They can also be printed or attached with other materials to increase added value.

6. Rigid PVC film/sheet:

They are used for the production of vacuum forming, pharmaceutical packaging, cooling tower baffle, inner lining, panel cloth, protective cloth, printing cloth, stationery cases, and ceiling foil. They are produced from PVC resin and other auxiliary materials which are mixed before undergoing procedures including gelatinization, extrusion, deferred pressure, cooling, and coiling extraction. They can also be processed or printed to increase added value.

7. PVC leather:

We produce foaming sponge leather, non-foaming PVC leather, and leather with surface processing and needle holes for ventilation.

They are mostly used as covering for seats for various cars, motorcycles, bicycles, and boats, sofas, SPA coverings, shoe leather, baseball gloves, sports equipment, and covering for medical seats. They are produced from (1) PVC resin, plasticizers, and other auxiliary materials, (2) non-PVC eco-friendly materials which undergo procedures including mixing, gelatinization, filtering, pressing with plastic cloth machines, adhesive backing, pattern printing, and foaming with foaming furnaces or patterning with patterning machines. They can also undergo printing, stain-resistance, anti-slip, and anti-scratching or other special treatments to increase added value.

8. PVC compounds:

PVC compounds are used for the production of electrical wires, car foot pads, and shrink wraps. They are made from PVC resin, plasticizers, and other auxiliary materials which undergo procedures including mixing, gelatinization, extrusion, and cooling.

**(III) Supply of Major Raw Materials**

1. The main raw materials of VCM are EDC and ethylene. Long-term contracts have been signed with suppliers to ensure stable supply of these raw materials.
2. The main raw material of PVC resin is VCM, which is produced by the Company for its own use.
3. The main raw material of alkali-chlorine is industrial salt. Long-term contracts have been signed with suppliers to ensure stable supply of these raw materials.
4. The main raw material of PVC film/sheet and leather are PVC resin and plasticizers and the supply status is as follows:
  - (1) PVC resin PVC resin is mostly produced and used by the Company and only small quantities are purchased from external sources.
  - (2) Plasticizers: They are mainly supplied by Nan Ya Plastics Corporation, and special plasticizers are purchased from abroad.
5. The main raw material of PVC construction products is PVC resin, which is mainly self-produced and supplied, and thus the source of this raw material is stable.

**(IV) Setting forth the names of any THE customers that have purchased 10 percent or more of the Company's purchase (sales) in either of the last two years, and the amount and proportion, and indicate the reasons for increase and decrease:**

1. Suppliers with purchase amount exceeding 10% of total purchase in the most recent two years (Note 1):

Unit: NT\$ thousand

	2021				2022				Q1 2023 (Note 2)			
Item	Name (Note 1)	Amount	Ratio to the net purchases of goods [%]	Relations hip with the Issuer	Name (Note 1)	Amount	Ratio to the net purchases of goods [%]	Relation ship with the Issuer	Name (Note 1)	Amount	Ratio to the net purchases of goods of the first quarter of the current year [%]	Relationship with the Issuer
1	Company A	4,283,875	32.37%	None	Company A	4,174,840	33.58%	None	Company A	306,397	13.66%	None
2	Company B	1,088,257	8.22%	None	Company B	1,814,860	14.60%	None	Company B	279,883	12.48%	None
3	Company C	1,811,342	13.69%	None	Company C	1,469,174	11.82%	None	Company C	206,303	9.20%	None
4	Company D	1,249,860	9.44%	None	Company D	1,343,408	10.80%	None	Company D	322,768	14.39%	None
5	Company L	97,974	0.74%	None	Company L	1,071,372	8.62%	None	Company L	394,753	17.60%	None
6	Others	4,703,421	35.54%	(Note 3)	Others	2,559,969	20.58%	(Note 3)	Others	733,260	32.67%	(Note 3)
	Net Purchases	13,234,729	100%		Net Purchases	12,433,623	100%		Net Purchases	2,243,364	100.00%	

Note 1: List the name of suppliers who account for more than ten (10) percent of the total purchases of goods and their amount and proportion of purchase of goods in the most recent two fiscal years. However, if the name of suppliers or counterparties who are individuals or non-related persons cannot be revealed due to contractual agreements, their codes shall be indicated.

Note 2: As of the publication date of this annual report, if financial information of companies that are publicly listed or whose shares are traded on TPEx were recently audited or reviewed by CPAs, such information should be disclosed.

Note 3: No suppliers who account for more than ten (10) percent of the total purchases of goods Proportion of purchases from related parties: 2021: 1.19%; 2022: 9.17%; First quarter of 2023: 18.39%.

\* Reasons for increase and decrease in purchases: Considering the supply volume, prices, delivery time, the Company's production plan and inventory, the purchase amount from different suppliers varies each year.

2. Customers with sales amount exceeding 10% of total sales in the most recent two years: None.



### (V) Production volume and value in the most recent two fiscal years

Production: Except for plastic leather for which the unit of measurement is thousand yards,  
Others are in metric tons. Production value: NT\$ thousands

Year of production		2021			2022		
Main Products	Volume value	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
PVC resin, PVC compounds, and Chlor-alkali		531,375	504,228	15,741,563	531,375	460,570	13,586,197
Vinyl chloride monomer		485,000	476,165	12,134,168	485,000	441,709	12,074,965
PVC film/sheet		72,660	30,476	1,956,156	72,660	24,178	1,467,415
PVC Construction products		26,700	20,061	888,843	26,700	19,734	795,298
PVC leather		8,600	8,493	826,533	8,600	4,792	480,230
Others		0	840	98,610	0	719	92,403
Total	Tons	1,115,735	1,031,770	31,645,873	1,115,735	946,910	28,496,508
	Thousand meters	8,600	8,493		8,600	4,792	

Note 1: Production capacity refers to the volume of production that can be produced by a company using existing production equipment and under normal operation, after taking into consideration factors such as necessary downtime, holiday, etc.

Note 2: Substitutable production capacity may be included in the production capacity and be stated in the note.

## (VI) Sales volume and value in the most recent two fiscal years

Sales: Except for plastic leather for which the unit of measurement is thousand yards,  
Others are in metric tons. Sales value: NT\$ thousands

Sales year Main Products volume and value		2021				2022			
		Domestic Sales		External sales		Domestic Sales		External sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
PVC resin, PVC compounds, and Chlor-alkali		107,952	2,559,733	316,211	12,655,678	107,167	2,680,976	306,797	10,430,961
Vinyl chloride monomer		25,492	1,007,396	0	0	31,600	989,215	0	0
PVC film/sheet		15,854	1,028,573	13,538	934,316	11,881	797,685	11,128	809,894
PVC Construction products		19,465	944,000	11	966	19,678	933,973	0	0
PVC leather		2,700	281,510	5,157	809,352	1,829	220,379	4,131	774,396
Total	Tons	168,763	5,821,212	329,760	14,400,312	170,326	5,622,228	317,925	12,015,251
	Thousand meters	2,700		5,157		1,829		4,131	

## III. Employee Information

Information on employees in the last two years and as of the printing date of the annual report

Year		2021	2022	March 31, 2023
Number of Employees	Employees	354	351	351
	Workers	570	561	550
	Total	924	912	901
Average age		47	46	46
Average years of services		18	18	18
Percentage Distribution of Academic Qualifications	Ph.D./M.S.	11%	11%	11%
	University	32%	33%	33%
	College	14%	13%	13%
	Senior high school	22%	21%	21%
	Below senior high school	2%	1%	1%





## IV. Information Regarding Environmental Protection Expenditure

**(I) Total amount of losses (including compensation and violations of environmental protection regulations in the results of environmental protection audits; the date of the penalty, penalty document number, articles in regulations violated, contents of violation, and contents of penalties) and penalties incurred due to environmental pollution in the most recent fiscal year up to the publication date of this annual report:**

Date of disciplinary action/ student No.	Regulation Violated	Penalty Amount (NT\$ thousand)	Facts violated	Improvement Measures
2022/02/16/ 40-111-020010	Violated Article 31.1.2 of the Waste Disposal Act	6	The process waste liquid is collected in Baker barrels.	Waste liquid shall not be collected in Baker barrels, but shall be directly sent to the waste liquid treatment plant through a special pipe.
2022/02/16/ 40-111-020011	Violated Article 31.1.1 of the Waste Disposal Act	6	The waste was not put to the storage area.	It is required to put any generated waste to the storage area immediately.
2022/02/16/ 40-111-020012	Violated Article 36.1 of the Waste Disposal Act	12	The light and heavy boiling components are recognized as waste and should be reported in accordance with the relevant regulations.	Conduct composition analysis to determine the waste code, and submit a cleanup plan to the Environmental Protection Bureau for disposal.
2022/03/31/ 20-111-030018	Violated Article 24.2 of the Waste Disposal Act	100	The raw material is not in accordance with the approved operation permit and is not treated in accordance with the permit.	Change to the operation permit.
2022/07/25/ 20-111-070020	Violated Article 24.2 of the Waste Disposal Act	100	The operation of exhaust gas decomposer (E009) was not recorded, which was not in accordance with the permit.	Strengthen education and promotion, and add a signature field for the supervisor to confirm whether the form is actually recorded.
2022/08/19/ 40-111-080001	Violated Article 52 of the Waste Disposal Act	30	The storage of waste is not marked in Chinese, and the storage location does not match with the waste disposal book.	The waste is marked exactly, and the other storage location is in line with the waste disposal book.
2022/09/22/ 20-111-090021	Violated Article 20.1 of the Waste Disposal Act	450	Leakage at M 01 Equipment component 2.	Repair immediately.

**(II) Corresponding countermeasures (including possible improvement measures of current and future) and possible expenditures:**

1. Environmental protection policies:

- (1) To comply with relevant environmental protection and occupational safety and health regulations and relevant requirements derived from such regulations.
- (2) To continuously conserve and reuse resources and energy, and reduce industrial waste.
- (3) To prevent pollution, reduce potential risks in operations.
- (4) To continuously provide employees with education and training, and carry out work related to environmental protection and occupational safety and health.
- (5) To actively communicate with customers and residents, manage suppliers and contractors, and encourage all employees to participate in work related to environmental protection and occupational safety and health.
- (6) To thoroughly implement environmental management system to enhance environmental performance and reduce environmental safety risks in communities.

2. Expected environmental protection expenditures:

Unit: NT\$ thousand

Year	2023	Amount
Item	1. Operating and maintenance charges for wastewater treatment equipment	60,000
	2. Operating and maintenance charges for wastewater treatment equipment	40,000
	3. Air pollution prevention charges	16,000
	4. Industrial waste cleanup and disposal charges	6,000
	5. Regular applications for inspection of stationary sources of pollution	3,000
	6. Pressure container inspection fees	500
	7. Noise improvement	400
Estimated expenditures		125,900



**(III) In response to the Restriction of Hazardous Substances (RoHS) prescribed in the European Union's Directives:**

The Company is RoHS-compliant, and RoHS has no effect on the Company's financial operations.

## **V. Labor Management Relations**

**(I) The Company's employee benefits, continuing education, training, retirement systems, and the status of their implementation, as well as the status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees:**

**1. Employee welfare measures:**

The Company's salary system determines employees' salaries in accordance with the employees' academic background, expertise, skills, and seniority. It does not discriminate between genders, religions, races, or political affiliations. In addition to fixed wages, employees' salary also includes performance bonus, year-end bonus, etc.

The Company makes annual salary adjustments according to the profitability. The average employee pay rise for 2022 was about 4.1%. Employees' compensation shall not be lower than 1% of the distributable earnings for the current year. The proposal to distribute NT\$26,485 thousand for 2021 was adopted by the Board of Directors on March 9, 2022.

The Company regularly arranges health checkups every year. The head office in Taipei is equipped with a gym and shower rooms. The plants are staffed by certified nurses to provide its employees with health care and medical assistance. Female employees are provided with menstrual leave and independent spaces for nursing. We cooperate with childcare services to provide childcare services.

Toufen Plant includes single dormitories and dormitories for family members for employees who are citizens of the country. They can be used by employees who live outside the area for long periods of time. The dormitory is equipped with recreational facilities such as basketball courts, table tennis rooms, and lounges.

Employees' applications for unpaid parental leave can be submitted before their children reach the age of three and the leave can be extended for up to two years.

The Company has established the Employee Welfare Committee and sets aside fund for the welfare fund in accordance with the Employee Welfare Fund Act. The Company manages the use of the employee welfare fund for various beneficial activities to promote the physical and mental health of employees. All employees of the Company are entitled to fair access to all benefits provided by the Employee Welfare Committee. The retention and use of the employee welfare fund are processed by the Employee Welfare Committee.

2. Employee education and training:

- (1) The Company has formulated employee training regulations. We regularly conduct surveys on employee training needs every year in accordance with the regulations and formulate annual training plans. The Company also prepares budgets for training and conducts various types of training. All employee training in professional skills, management skills, and seminars are included in the scope of training. Employees can improve their skills and knowledge through supervisors' instructions, onsite instructions, and digital learning.
- (2) In order to combine both employee training and promotion, the Company has specifically established general education courses for promotion in order to encourage employees to actively learn and study. Employees must complete the prescribed courses before they can be officially promoted. Employees with potential are administered training courses for trainee supervisors to train base-level supervisors.
- (3) For employees who demonstrate a strong willingness to learn and develop their potential, the Company provides grants for further education in local universities, which are supplemented with career adjustments in their respective positions.
- (4) Employee training is recorded and archived. Every year, employees have to attend at least 8 hours of internal training, which is taken into account during the employee's performance appraisal. At the end of each course, the Company conducts employee opinion surveys and prepares review reports. Satisfaction surveys are conducted from time to time to collect



employees' opinions and recommendations on employee training as a reference for improving training.

- (5) Employee training implementation status: A total of 6,442 participants took part in training programs in 2022, and training fees totaled at NT\$2,832 thousand.

Training Name	Training Participant	Training Name	Training Participant
On-the-job training and retraining for soil contamination assessment and investigation personnel	Relevant employees	Corporate Sustainability Elite Training Class	ESG Personnel
Mitalk6 Young Scientist Workshop	Relevant employees	Equipment System Technology Training Class	Engineering Department Personnel
2022 Seminar on Industrial Water Pollution Control Regulations and Prevention Technologies and Emerging Wastewater Treatment Technologies	Relevant employees	TUV Rheinland Industrial Hydrogen Value Chain Technical Seminar in Rheinland, Germany	R&D personnel
Unit 1 ~ 2 of Piping Supervision Engineer Training	Relevant employees	250HP Air Compressor Operation Education Training	Maintenance Section/Instrumentation Section Staff
Professional Training Course for Chemical Process Engineers	Relevant employees	AI Basic Education Training	Engineers
Basic DCS Operation, Panel Control Principle, Operation Training	Relevant employees	CNS45001 Outline and Product Process Requirements and Applications	Quality Technology Section Staff
Talent Alchemy	Relevant employees	DCS Hardware Diagnostic Course	Instrumentation Section Staff
5975/5977 GC/MSD Chemstation Basic Operation and Maintenance Training	Relevant employees	GC-7890-2101C 7890GC Basic Operation and Maintenance Training	Instrument Operators
ERP Procurement System Operation Practice and Engineering Supervision Practice	Relevant employees	ISO System Management Training	Relevant employees
GRI Standards Education Training	Relevant employees	GHP Education Training Course	Alkali-Chlorine Section Personnel
ISO 9001 Measuring Instrument Calibration and Management Practice	Relevant employees	GRS Global Recycling Standard Education Training	All Supervisors
VOC Analysis Technology	Relevant employees	TAF Certification Provisions and Test Standards (All) Retraining	Inspection Section personnel
T6402B Level Gauge Body Flange Gasket PTFE Replaced with Rubber Material	Relevant employees	TTQS Corporate Edition Case Analysis and Practice Study	Training Operators
Human Resources Salary and Incentive System Planning Workshop	Relevant employees	VCM Detector Operation and Calibration Training	Instrumentation Section/Recombination Division Section Staff
Study on Labor Act for HR Personnel	Relevant employees	Industrial Catalyst Workshop	Relevant employees
Safety and Health On-the-Job Training for Acetylene Fusion Operators	Acetylene Fusion Operators	Brief Description of the Utility Process and Hazard Awareness	Maintenance Section/Instrumentation Section Staff
Utility/Storage System/Laboratory Data Interpretation	Relevant employees	Soil and Groundwater Professional Training Course - Groundwater Seminar	Relevant employees
Introduction to the Law of Business Event Trial and Dispute over the Company's Management Rights (Director and Supervisor)	Relevant employees	Internet Technology Development Trend and New Thinking of Internal Auditors	Internal Auditors
Class A Boiler Operation Simulator System Training Course	Relevant employees	Water Resources Management System and Water Footprint Check	Internal Auditors

Training Name	Training Participant	Training Name	Training Participant
Laboratory Data Interpretation SOP/ISO System Study Chemical Machinery Installation Material Introduction Utility Inspection Maintenance Raw Material Efficiency Improvement Advanced Utility Process	Relevant employees	Class B Boiler Operator Safety and Health Education Training Course	Class B Boiler Operators
Biotechnology Product Fermentation Technology Training Course	Relevant employees	Natural Gas Boiler Process Introduction and Hazard Identification	Utility Section Staff
Taguchi DOE Experimental Program Basic Application Course	Relevant employees	Space Packaging Machine Inflatable Packaging Training	Raw Material Storage and Transportation Section Staff
Class A Air Pollution Control Specialists	Relevant employees	Moisture Analyzer Training	Recombination Section/ Instrumentation Section Staff
Financial Analysis and Decision Making, Analysis of Common Problems in Handling Corporate Finance and Taxation	Relevant employees	Formosa Plastics Automated Warehousing Training	Raw Material Storage Section/Raw Material Department/Instrumentation Section Staff
Corporate Carbon Reduction Workshop: ESG Analysis and Practical Exercise Course	Relevant employees	Operator Training for Fixed Cranes of Less Than 3 Metric Tons	Relevant employees
The Crisis Under the Iceberg: Exploring the Key to Business Operations from the Numbers	Relevant employees	Class A Occupational Safety and Health Business Managers	Safety and Health Business Managers
Description of Operation Procedures Related to Underground Pipeline Maintenance and Transportation and Pre-Employment Training for Pipeline Business	Relevant employees	Common Types of Disputes in Business Contracts and Internal Control Management Practices	Internal Auditors
Tips for Successful Presentations	Relevant employees	Training for Safety Supervisors	Safety Supervisors
Instant Fluorescence Quantitative Polymerase Reactor LC-480 Training	Relevant employees	Safety and Health Training for Organic Solvent Operation Supervisors	Organic Solvent Operation Supervisors
Restricted Space and Oxygen Deprivation Hazard Prevention Training	Relevant employees	Anti-virus Mechanism, Testing Standards and Product Certification	Product R&D Department Personnel
Material Damage Analysis	Relevant employees	Self-Defense Firefighting Group Training and Civil Defense Corps Training	Self-defense and firefighting team personnel
Retraining for Fire Prevention Managers	Relevant employees	Voluntary Product Carbon Footprint Training Course	ESG Personnel
Explosion-proof Electricity Inspection and Installation Practice Seminar	Relevant employees	Overview of Adsorption Dryer	Alkaline Chlorine Section/Maintenance Section
Introduction of PMI alloy material composition inspection procedure and pipeline non-destructive inspection procedure for critical equipment	Relevant employees	Technical Toxic and Chemically Concerned Professional Responders	Professional Responders
Critical pressure vessels, pipelines, rotating equipment periodic inspection and oil sampling operations and inspection instructions	Relevant employees	Automatic packaging machine operation/maintenance training	Maintenance / Instrumentation Staff
Fixed Crane Operators	Relevant employees	Typhoon Preparedness Exercise	Relevant employees
Air Pollution Control Specialists Retraining	Relevant employees	Introduction to API and Low Fugitive Testing for Metal Valve Parts	Relevant employees



Training Name	Training Participant	Training Name	Training Participant
Protection Layer Analysis LOPA Training Course	Relevant employees	Training Course for Security Supervisors and Inspectors	Security Supervisors and Inspectors
PSM Training Course-API-754 (PSM Performance Indicators) 2. Compliance Audit	Relevant employees	Seminar on energy-saving and carbon-reducing applications of thermal insulation materials and protective technologies	Engineering personnel
Training of Professional Response Personnel for Toxic and Concerned Chemical Substances	Relevant employees	Customer Quality Control	Leather II Section Staff
Operation Instructions for Pump Repair	Relevant employees	Work Safety and Fire-Fighting Education and Training	All plant personnel
Use of Pump Shaft Seal Cooling Water	Relevant employees	First Responder Safety and Health Training Course	First-aid personnel
Carcinogenic Chemical Hazard Prevention Promotion	Relevant employees	Brief Description of the Overlap Process and Hazard Awareness	Recombination Section Staff
Vibrational Analysis Technicians	Relevant employees	Recombination Section Process, PDA and CMMS Training	Recombination Section Staff
Time Management	Relevant employees	Fan Basics/Fan Energy Saving/Fan Noise	Engineering Department Personnel
Risks and opportunities of climate change and net-zero emission policies for business operations	Relevant employees	Raw Material/Material Inspection, Test Development and Rubber Inspection Retraining	Inspection Section personnel
Operation Instructions for High-speed Lathe/ Fitter	Relevant employees	Vibrational Analysis Introductory Course VA1	Equipment inspectors
Training Course for Kaohsiung City Pipeline Excavation Engineering Management Personnel Certification Program	Relevant employees	Specific Chemical Supervisor Training Course	Specific Chemical Operators
Analysis of Health Screening Results / Obesity and Weight Loss / Gut Health / New Perspectives on Cancer Prevention and Treatment	Relevant employees	Safety and Health Training for Dust Operation Supervisors	Dust Operators
Recognition in Occupational Safety and Health Act for Contracting Relationship	Relevant employees	Introduction to water purification process and hazard identification	Utility Section Staff
Fire safety and fire control personnel training	Relevant employees	Safety and health training for supervisors of anoxic operations	Anoxic operators
Grievance and Conflict Management	Relevant employees	Electrical Distribution Engineering Design and Practice Workshop	Instrumentation Staff
Common Questions and Notes for Civil Engineering Contracting	Relevant employees	Training Course for Operators of the First Pressure Vessels	Operators
Group Product Overview - Recycled Plastics / Anti-corrosion Coatings	Relevant employees	On-the-Job Training for High-Pressure Gas Operations	High Pressure Gas Operators
Techniques for Knowing People - Recruiting Interview Skills	Relevant employees	International Vibration Analyst Training Course	Equipment inspectors
Professional Training for Nursing Personnel Engaged in Labor Health Services	Nursing Personnel	Expert/Command/Operational/Toxic and Chemically Concerned Professional Responders	Professional Responders
Net Zero Carbon Emission Strategy - On Geothermal Energy and Carbon Sequestration Technology Development	Relevant employees	Effective Communication Practices	Relevant employees
On-site Equipment Cutting and Feeding Operation Procedures	Relevant employees	Safety Training for Winder Rolling Operation	Cloth II Section Staff
Industrial Air Pollution Prevention Regulations and Technology Seminar	Relevant employees	Net Zero Carbon Emission, Product Carbon Footprint Training	Unit Supervisors

Training Name	Training Participant	Training Name	Training Participant
Operation Instructions for Portable Electric Welding Machine with Power Generator	Relevant employees	Labels and Locks on Equipment, and Description for Blind Sealing Procedures	Relevant employees
ISO14064-1 Greenhouse Gas Emissions Check and ISO14067 Product Carbon Footprint Check	Relevant employees	Special Safety and Health Training Course for Workers at Height	Workers at Height
Training and Introduction of Cathodic Anti-Corrosion System Maintenance and Inspection	Relevant employees	Organizational Greenhouse Gas Inventory Training Course	ESG Personnel
The Final Battle of Digital Transformation and the Reverse Attack of Meta-Universe and Web 3.0	Relevant employees	On-the-Job Training for Operators of Forklifts with the Capacity of One Ton or More	Operators
Familiar with chemical and physical properties of raw materials, auxiliary materials and finished products in factories / training for safety and health code of conduct / public area process operation training	Relevant employees	On-the-Job Training on Safety and Health for Employees in Handling or Using Hazardous Materials or Harmful Operations	Relevant employees
Communication and Conflict Management	Relevant employees	Introduction and Description of Latest Regulations, New Products and New Equipment	Business and Product Development Staff
ESG Trends and Promotional Practices	Relevant employees	Hardware Diagnosis and Vibration Analysis Course	Instrumentation Section Staff
Cases of Insider Trading Practice and Related Legal Liability	Relevant employees	Smoking Prevention Training	Ordinary employees
TOP100+ Plastic Trends Expert Forum Held by Plastic Development Center	Supervisors	Introduction to the Use of ENG-PLUS PT1 Detector and Description of Condensation Recovery Equipment	Equipment Use and Maintenance Personnel
Legal Liability for Breach of Contract and Case Analysis	Relevant employees	Safety and Environmental Protection Training for the North Plant of the Group	Safety Supervisors
Protection and Reasonable Use of Patents	Relevant employees	Plasticizer Operation and Judgment Training	Technical Quality Control Personnel
On-the-Job Safety and Health Training for Process Safety Assessment Personnel	Process Safety Assessment Personnel	Fair Trade Law Regulations and Case Analysis	Relevant employees
Prevention of Workplace Abuse	Relevant employees	Centrifugal Air Compressor Oil Filter Replacement Training	Relevant employees
Introduction and Case Analysis of Trade Secrets Act	Relevant employees	Plastic Rheological Processing and Plastic Compounding Seminar	Ordinary employees
Practical Fire Fighting Training	Relevant employees	Loader / Forklift Training	Loader / Forklift Operators
On-boarding Training for Toxic Chemical Specialists	Relevant employees	Laser Centrifuge Machine Overview and Operation Training	Maintenance Section Personnel
Corrosion Mechanism Course	Relevant employees	Gasket Sealing Construction Training	Maintenance Section Personnel
Discussion and Training Seminar on Process Hazard Analysis Practice	Relevant employees	Training for Laboratory Certification Standard ISO/IEC 17025	Inspection Section personnel
Process Technology/Industrial Safety and Environmental Protection Training/Personal Protective Equipment Training	Relevant employees	Green Factory Labeling Application Counseling	Unit Supervisors
Process Modification and Process Safety Management Procedures Reference Workshop	Relevant employees	Emergency Response Drill (including Process Overview)	All plant personnel





Training Name	Training Participant	Training Name	Training Participant
Training on Using and Managing Instrument, and Training on Operating GC-2014 and Online Analyzer	Relevant employees	Internal Auditor Training Program for Process Safety Management (PSM)	Relevant employees
Training for Spray Drying Equipment	Relevant employees	Inspection and Certification Comparisons and Practice Training (1~4)	Inspection Section personnel
Training and Discussion on Tanker Accident Prevention	Relevant employees	Information Security and Green Workers	Relevant employees
Process Safety Management (PSM) Training	Process personnel	Negotiation Skills for Office Workers	Relevant employees
Health Risk Evaluator Retraining	Relevant employees	Online Monitoring Training for Hot Tank Vibration Analysis	PVC Sheet Maintenance Personnel
Objectives Management and Performance Evaluation	Relevant employees	PVC Sheet Quality Inspection Training	Quality Control Personnel
Radiation Operator Training	Relevant employees	Introduction of Raw Materials for PVC Sheets - Color Powder	Quality Control Personnel
Retraining for Wastewater Treatment Specialists	Relevant employees	Training on Process Inspection and Random Finished Products Check of PVC compounds	PVC Compound Section personnel
Training for Monitoring Personnel of Pollution of Storage System	Relevant employees	Brief Description of Alkaline Chlorine Process and Hazard Awareness	Raw Materials Department Staff
Tank System Operating Contingency and Safety V6006/4B to CGPCPOL VCM Feeding Line Updated with New Valves	Relevant employees	Calibration of Electromechanical Device Sensor and Computer-aided Simulation of Sealing Practice Training	Maintenance Personnel
On-the-Job Training for Environmental Specialists and Technical Staff	Relevant employees	Coal Boiler Process Introduction and Hazard Identification	Utility Section Staff

### 3. Employee Retirement System:

- (1) The "Labor Pension Act" was effective on July 1, 2005. The retirement pension provisions of the Labor Standards Act continue to apply to incumbent employees and a Labor Pension Reserve Fund Supervision Committee was established. Every month, 10% of each employee's salary is allocated to the pension reserve fund, and retired employees can receive their pension in accordance with the law.
- (2) After the implementation of the Labor Pension Act, for all new employees and incumbent employees who choose to follow the applicable retirement pension system stated in the Labor Pension Statutes, or for incumbent employees who choose to follow the applicable retirement pension system stated in the Labor Standards Act but choose to follow the retirement pension system stated in the Labor Pension Act again within five (5) years, the Company shall allocate and save six (6) percent of each employee's salary every month into the personal labor

pension account set up for each employee by the Bureau of Labor Insurance.

- (3) Employees can also voluntarily contribute another six (6) percent of their individual salaries every month separately as retirement pension. The voluntary pension contribution shall be fully deducted from the employee's total comprehensive income for the year.
- (4) After choosing to follow the retirement pension system stated in the Labor Pension Statutes, employees shall not be allowed to switch to the retirement pension system stated in the Labor Standards Act again.

4. Employer/employee agreement and protection of various employee rights:

The management attends meetings of the corporate union board of directors each month. The Company has established the Regulations Governing the Handling of Employee Complaints, Opinions and Feedback and organizes periodic Labor-Management meetings to listen to employees' opinions and effectively resolve labor-management issues.

5. Related certifications obtained from the relevant competent authorities by personnel associated with the transparency of financial information:

Departments	Name	Related Study License
Accounting Division	Kuo, Chien-Chou	Continuing Training Class for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges, Accounting Research and Development Foundation (2022/08/29~2022/08/30)
Auditing Division	Kang-Nien Chiang	International certified internal auditor (CIA)

6. Employee Code of Conduct or Ethics

In accordance with the Labor Standards Act and relevant laws, employees' work rules and various management systems (described below) have been established in order to maintain workplace discipline and order among employees.



- (1) Every employee is given an Employee Work Rules Handbook which specifies the behavior or work ethic of employees, including employment, dismissal, working hours, vacation, leave, rewards and punishments, performance appraisal, retirement and welfare.
  - (2) Pre-employment training for new employees covers education on work ideals, ethics, quality management system, environmental protection, occupational safety and health management.
  - (3) Signing of Letter of Undertaking by employees: This document establishes the employees' commitment towards maintaining the confidentiality of information regarding the Company's tangible and intangible operating assets, preventing the employees from infringing on the interests of the Company and so on.
  - (4) Disclosure on the Company's website: The 'Codes of Ethical Conduct for Directors, Supervisors and Managerial Officers', 'Ethical Corporate Management Best Practice Principles', 'Employee Work Rules', 'Code of Conduct for Employees Regarding Concurrent and Part-time Work', and 'Procedures for Handling Material Insider Information'.
7. Protection measures for work environment and employees' personal safety:
- (1) With regard to the promotion of environmental protection and occupational safety and health, the Company not only complies with the relevant laws and regulations but also expects to meet internationally recognized standards. The Company has successfully obtained ISO 14001 (environmental management system), ISO 45001 (occupational health and safety management system), TOSHMS (Taiwan Occupational Safety & Health Management System), and so on.
  - (2) Each plant has a corporate labor union. The Occupational Safety and Health Committee has been set up in accordance with the Occupational Safety and Health Act. Labor representatives are appointed by labor unions. The percentage of committee members is above more than one-third of the members, which is higher than the number stipulated by the regulations. The

Committee meets once per quarter. Labor representatives voice the opinions of all employees and discuss issues relating to environmental protection and safety and health.

Summary of Discussions of the Occupational Safety and Health Committee in 2022:

- 2.1 Amendments to the Incentive Scheme for Safe Working Hours
  - 2.2 Safety Management Items of Public Dangerous Goods
  - 2.3 Method of Setting and Managing Storage Systems to Prevent Pollution of Underground Water Facilities and Monitoring Equipment
  - 2.4 Additional Requirements for Contracting Management
  - 2.5 New Contractor AI Face Identification System
  - 2.6 USIG Real-Time Notification Platform
  - 2.7 Purchase Request Evaluation for Safety Tools
  - 2.8 Diesel Drum Improvement
  - 2.9 Vehicle Over-Speeding in Plant Area
  - 2.10 Linkage Safety Device for Grinding Wheel Cutter and Cover
  - 2.11 Purchase Request for Grinders and Grinding Wheels with TS Quality Marks
  - 2.12 Notification of Workplace Injuries
  - 2.13 Disaster ID Card H-CARD Instruction
  - 2.14 Replacement of Lock of Fire Line Valve
  - 2.15 Riding Bicycles in Plant Area
  - 2.16 Bonus for Supervisors of Units without Accidents
  - 2.17 Unsafe Workplaces
  - 2.18 Sampling by Inspection Personnel
  - 2.19 Machine Platform Operation by New Employees
  - 2.20 Changes to Related Regulations
  - 2.21 Electric Forklifts
  - 2.22 Education and Training Records
  - 2.23 Training for ISO Internal Auditors
- (3) The Company has established the "Contractor Environmental Safety and Health Management Guidelines" for contractor safety management. The content includes pre-work education and training, hazard awareness during coordination meetings,



safety checks and work safety permits must be obtained before giving permits to the construction, and strengthened safety supervision during construction.

CGPC provides safety training for contractors and organizes contractor operation safety and health management training before each construction project to improve construction safety and overall health standards. A total of 369 training sessions were organized to improve construction safety and overall health standards.

- (4) The Company has established the "Safety and Health Inspection and Environmental Protection Inspection Guidelines" to conduct inspections on the safety and health-related matters of the plant in order to ensure the safety of the operations as well as the personnel. If any defects are found, notices are given and the deadline for improvement depends on the nature of the event.
  - 4.1 A total of 1808 items were inspected by on-site supervisors in 2022.
  - 4.2 The rate of improvement of defects found in environmental safety and health inspections in 2022: Deficiencies: 1,426 items; improvements: 1,169 items; improvement rate: 82%.
- (5) Strengthen enhance self-inspection and actively participate in activities of the Labor Safety and Health Promotion Associations of Toufen and Zhunan Industrial Parks.
- (6) Actively attend activities held by Taiwan Responsible Care Association (TRCA) in the chemical engineering industry and improve safety and environmental protection performance, reduce injuries from accidents, ensure financial profitability, increase company output, implement community services, and be a good neighbor to the community based on the spirit.
- (7) The Company provides its employees with comprehensive health care. In addition to the formulation of guidelines related to employee assistance services and gender equality in the workplace, the Company also provides group insurance, annual health checkups, sports and fitness equipment, as well as organizes various outdoor recreational activities and talks on mental, emotional and spiritual health.

## 8. Fulfilling Social Responsibilities:

- (1) The Company makes contributions to our social and economic well-being.
- (2) The Company encourages its employees to participate in various service activities to promote community and social development.
- (3) The Company complies with government regulations and dedicates full effort to reduce the negative impact of business activities on the environment to achieve goals in environmental protection policies (e.g. adoption of environmentally friendly coolants and energy-saving lighting equipment for reducing carbon emissions and greenhouse gases).
- (4) The Company does its best to take into account local cultural and social traditions when implementing various business activities.
- (5) The Company has always been committed to the principle of equal opportunities and recognizes the contribution of employees from different backgrounds. The Company adopts an open selection process and hires the right talent for the right position, instead of restricting employees' career development based on their race, gender, age, religion, nationality, or political affiliation.

**(II) Loss (including labor inspection results in violation of labor standards law, the punishment date, punishment name, violation of laws and regulations, content of violation of laws and regulations, and punishment content shall be listed) sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of printing of the annual report, disclose an estimate of losses incurred to date and indicate mitigation measures being or to be taken:**

The Company has always paid serious attention to communication and harmony between the employer and employees, and labor disputes can be communicated and overcome through mutual trust. Hence, there has not been any labor dispute in recent years. Based on the good relations between the employer and employees, no labor dispute is expected to happen in the future.

## VI.Information Security Management

### (I) State the information security risk management framework

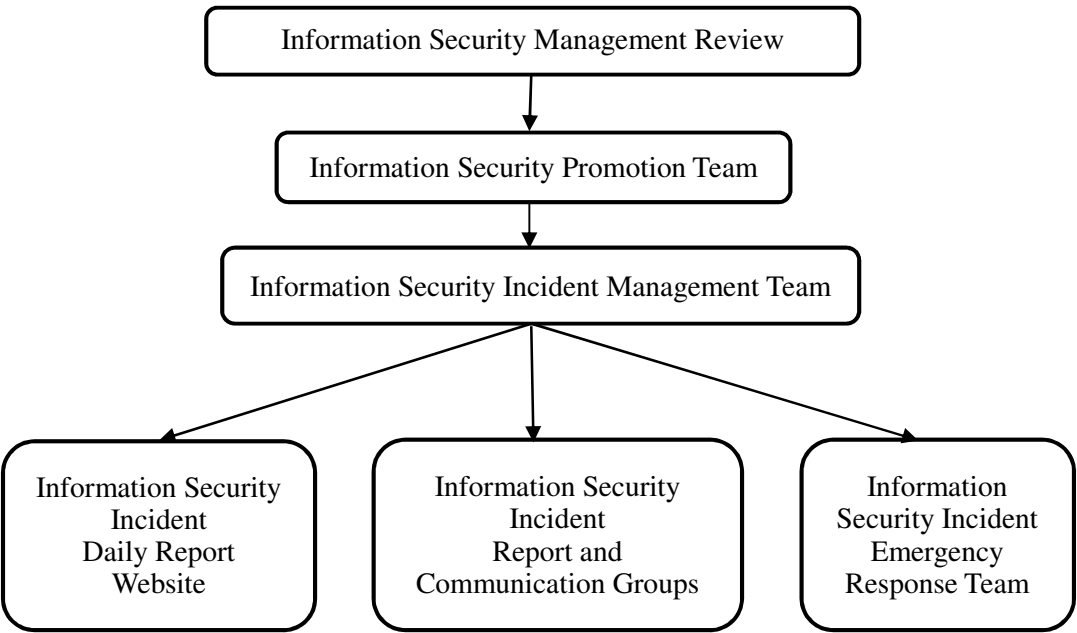
Please describe the risk management framework for information and communications security, information and communication security policies, specific management plans, and resources devoted to information and communication security management (e.g., total number of staff, number of relevant meetings held, or insurance coverage).

Information Security Risk Management Framework:

#### 1. Information Security Management Organization:

The Company holds an annual "Information Security Management Review Meeting", to make judgments on the six input projects (resolution status of past management reviews, changes to internal and external issues related to the information security management system, feedback on information security performance, feedback from related parties, status of risk assessment results and risk management plans, opportunities for continuous improvement) of the information security management system, and to conclude the two output projects of the information security management system (decisions related to continuous improvement opportunities and any need for changes to the information security management system), to achieve the objectives of the information security management system.

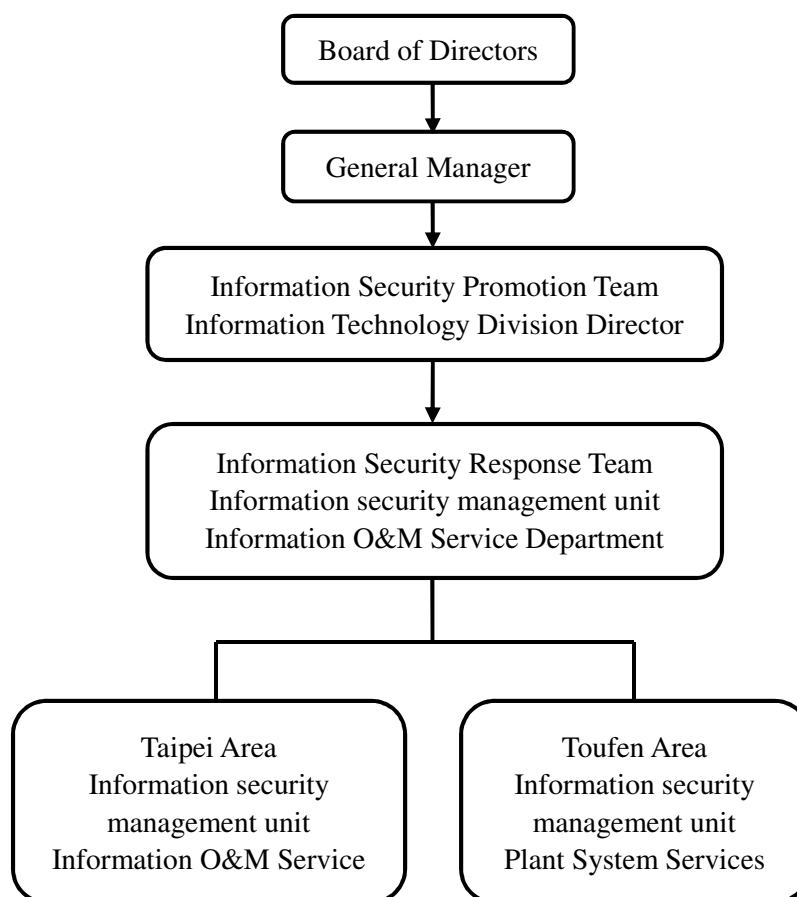
Organizational Structure of Information Security Management Review Meeting



## 2. Information and Communication Security Organization Framework:

We established the "Information Security Implementation Team" in accordance with the "Information Security Implementation Organization Regulations" in the Company's internal standard operating procedures to supervise the implementation status of information security management of the Group and clarify the roles and duties of various organizations. The Team convenes one regular meeting each year and meetings can be organized immediately in the event of material information security incidents of the Group. The director of the Information Technology Department serves as the convener of the Team and takes charge of the meetings of the Information Security Implementation Team as well as decisions and arbitration of opinions in the meetings. The supervisors of units under the jurisdiction of the Information Technology Department are members of the Team. In the event of a material information security incident, the director of the Information Technology Department shall report to the general manager or heads of related departments.

### Organizational Structure of Information Security Promotion Team







Responsibilities of Information Security Promotion Team:

- (2-1) Formulate the information security risk management framework and information security policy
- (2-2) Conduct information security risk assessment and analysis
- (2-3) Conduct information security maintenance and implementation
- (2-4) Verify the effectiveness of information security operation implementation

3. Set up a chief information security officer and a dedicated unit for information security:

According to the “Amendments made to Article 9-1 of the Regulations Governing Establishment of Internal Control Systems by Public Companies” issued by FSC, the Company has completed the establishment of an information security unit with a dedicated head of information security and dedicated information security personnel by the end of 2023.

**(II) Information Security Policy**

1. Information security management policies and frameworks:

(1) ISO 27001 Information Security System:

The ISO 27001: 2013 information security management system has been established since 2014 and continuously operated and promoted. The Company entrusts an external professional information security certification and inspection company to carry out examinations. We have passed the certification and inspection for 8 consecutive years (at present, the certificate is valid from July 4, 2020 to July 3, 2023).

(2) NIST CSF Information Security Management Framework:

The Cybersecurity Framework (CSF) developed by the National Institute of Standards and Technology (NIST) is included.

2. Enterprise Information Security Risk Management and Continuous Improvement Framework

Based on the ISO 27001 information security management system supplemented by the NIST CSF information security management framework, the Company has strengthened its risk control measures, enhanced information security resilience, and

developed the ability to withstand, contain, and quickly recover from information security incidents in order to continue to provide critical operational services.

3. Specific management plan:

- (1) Vulnerability Scanning Inspections: Regularly conduct vulnerability scanning inspections on the server's operating system to identify potential risks for system corrections or propose compensatory measures and improve information security. It has been implemented for 7 consecutive years.
- (2) Information Asset Control: Establish an information asset management platform to record the information assets, mark asset items, use status, and maintenance records, and conduct regular inspections and maintenance.
- (3) Firewall and industrial control equipment (OT): Adopt Palo Alto networks PA-3220. The new generation layer 7 firewall system improves the execution efficiency of filtering incoming and outgoing packets and effectively reduces the risk of exposure due to system vulnerability.
- (4) Key Server: Crowd Strike (terminal point detection software) is deployed, using non-feature matching artificial intelligence (AI) and machine learning (ML) modes, to analyze attack behaviors instantly, and block known and unknown potential threats.
- (5) Email: Adopt the Microsoft Office 365 plan and Advanced Threat Protection (ATP) service mechanism against unknown malware links and viruses. Through operation on mail cloud, the number of AD and Domain Controller (DC) is gradually reduced, thereby reducing attacks.
- (6) Office equipment (IT): Use Trend Micro anti-virus software to detect abnormal network behaviors. For example: Monitor the user's behavior when logging in to the Active Directory (AD) host and online activities to discover abnormalities instantly.
- (7) Personnel Information Security Management: To prevent the occurrence of hacker invasion or data leakage, the Company provides information personnel with information security education and training for four hours every year.
- (8) Social engineering drill: At least twice a year, the Company entrusts an external professional security consulting company to



carry out social engineering drills, so as to enhance employees' awareness of security, and protect data from external intrusion and tampering.

4. Resources devoted to information and communication security management :

- (1) Guidelines: Formulate 16 guidelines.
- (2) Information Security Standards: Passed the ISO27001 certification for 8 consecutive years.
- (3) Number of people using mail cloud: Total of 401 people is using mail cloud.
- (4) Investment Funds for Information Security: A total of about NT\$2,585.
- (5) Information Security Announcement: 17 announcements were issued.
- (6) Social engineering drill: A total of 2 drills were held, with a total of 802 people.

**(III)Information and communication security risks and countermeasures:**

1. Information Technology Security Risks

The O&M management of plants shall focus on the manufacturing industry. The production processes are mainly managed and controlled using Operational Technology (OT) systems, such as Distributed Control System (DCS) and Supervisory Control and Data Acquisition (SCADA). To ensure the production stability, the operation systems or programs are installed without upgrading, and are the so called Legacy Systems. The information security protection of such systems is weaker than the ordinary information technology (IT) systems, such as ERP, CRM and OA software and hardware equipment.

2. Management measures for information technology security:

- (1) Regular audits are conducted by the Company's internal audit department and external professional information security consultants, and we also invite the British Standards Institution (BSI), a leading international certification Company, to conduct annual ISO 27001 certification audits. In addition to reviewing the risk management framework for information and communications security, we also provide counseling and prevention services on internal and external issues and conduct

information and communications security risk assessment and analysis.

- (2) Multi-Factor Authentication (MFA) is fully implemented in the Group's mail system. In addition to the first level of password authentication, a second level of authentication is performed through other tools to enhance the security.
- (3) The industrial control equipment (OT) uses Fortinet firewall, a next-generation 7-layer firewall system, to enhance the execution efficiency of filtering incoming and outgoing packets and effectively reduce the risk of system vulnerability exposure.
- (4) To implement the management of OT equipment, we have set up an OT management platform to conduct a comprehensive check of OT equipment information security risks in the plants, to control and strengthen the safety protection system for important equipment, and to avoid production interruptions caused by human factors and external threats that may affect the process operations.
- (5) For the operating systems of servers and other equipment, we appoint an external professional information security consulting company to conduct vulnerability scans every year to find potential risks and make system corrections or propose compensatory measures to address them.
- (6) To strengthen personnel information security management and prevent the occurrence of hacker invasion or data leakage, the Company provides information personnel these with information security education and training for four hours every year.

**(IV)List of the losses, possible impacts and responses to major information and communication security incidents incurred in the recent year and up to the date of printing of the annual report, and, if not reasonably estimable, the facts that are not reasonably estimable:**

As of the printing date of the annual report, the Company has not suffered any loss or possible impact due to a major information security incident.



## VII.Important Contracts

March 31, 2023

Nature of contract	Principal	Contract Start/End Date	Main Content	Restrictive Provisions
Material Purchase Contract	Dampier Salt Limited	2022/01/01 ~ 2023/12/31	China General Plastics Corporation and Dampier signed a contract for the purchase of industrial salt, with the price of the material agreed by both the buyer and the seller.	None
Material Purchase Contract	Formosa Plastics Corporation	2022/01/01 ~ 2022/12/31	Taiwan VCM Corporation and Formosa Plastics Corporation signed a contract for the purchase of dichloroethane. The price is agreed upon by both parties.	None
Material Purchase Contract	MITSUI & CO., LTD.	2022/01/01 ~ 2022/12/31	Taiwan VCM Corporation and Mitsui & Co., Ltd. signed a contract for the purchase of dichloroethane, with the price of the material agreed by both the buyer and the seller.	None
Material Purchase Contract	CPC Corporation, Taiwan Co., Ltd.	2022/01/01 ~ 2022/12/31	Taiwan VCM Corporation and CPC Corporation, Taiwan signed a contract for the purchase of ethylene. The price is agreed upon by both parties.	None
Medium Term Loan Consolidation Contract	Yuanta Bank	2021/07/02 ~ 2024/07/02	CGPC and Yuanta Bank signed a three-year medium-term secured lending comprehensive limit contract of NT\$300 million as a revolving credit facility.	Based on the annual consolidated report of CGPC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Limit Contract	Chang Hwa Bank	2021/08/03 ~ 2024/08/03	CGPC and Chang Hwa Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	None

Nature of contract	Principal	Contract Start/End Date	Main Content	Restrictive Provisions
Medium-term Lending Limit Contract Limit Contract	Bank of China Taipei Branch	2022/03/15 ~ 2025/03/14	CGPC and Bank of China Taipei Branch signed a three-year medium-term secured lending limit contract of NT\$300 million as a revolving credit facility.	Based on the fiscal year semi-annual/annual consolidated report of CGPC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Limit Contract Limit Contract	Taipei Fubon Bank	2022/10/11 ~ 2025/09/12	CGPC and Taipei Fubon Bank signed a three-year medium-term lending limit contract worth NT\$200 million, which is a revolving loan facility.	Based on the fiscal year semi-annual/annual consolidated report of CGPC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Limit Contract Limit Contract	Chang Hwa Bank	2022/02/15 ~ 2027/02/15	CGPC and Chang Hwa Bank signed a five-year medium-term secured lending limit contract worth NT\$84 million.	None
Medium-term Lending Limit Contract Limit Contract	Yuanta Bank	2022/04/15 ~ 2027/04/15	CGPC and Yuanta Bank signed a five-year medium-term secured lending limit contract worth NT\$562.4 million.	Based on the annual consolidated report of CGPC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Limit Contract Limit Contract	Hua Nan Bank	2020/08/28 ~ 2024/08/28	CGPC Polymer Corporation and Hua Nan Bank signed a three-year medium-term lending limit contract worth NT\$300 million, which is a revolving loan facility.	None
Medium-term Lending Limit Contract Limit Contract	First Bank	2022/09/29 ~ 2025/09/29	CGPC Polymer Corporation and First Bank signed a three-year medium-term lending limit contract worth NT\$100 million, which is a revolving loan facility.	None



Nature of contract	Principal	Contract Start/End Date	Main Content	Restrictive Provisions
Medium-term Lending Limit Contract Limit Contract	Taishin International Bank	2022/11/15 ~ 2025/11/30	Taiwan VCM Corporation and Taishin International Bank signed a three-year medium-term secured lending limit contract worth NT\$300 million, as a revolving credit facility.	Based on the annual report/semi-annual report of Taiwan VCM Corporation, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Limit Contract Limit Contract	Cathay United Bank	2021/10/15 ~ 2026/10/15	Taiwan VCM Corporation and Cathay United Bank signed a five-year medium-term secured lending limit contract worth NT\$1.071 billion.	None
Medium-term Lending Limit Contract Limit Contract	Taipei Fubon Bank	2021/10/15 ~ 2026/10/15	Taiwan VCM Corporation and Taipei Fubon Bank signed a five-year medium-term secured lending limit contract worth NT\$595.2 million.	Based on the annual report of Taiwan VCM Corporation, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.
Medium-term Lending Limit Contract Limit Contract	E. SUN Commercial Bank	2021/11/15 ~ 2026/11/15	Taiwan VCM Corporation and E. SUN Commercial Bank signed a five-year medium-term secured lending limit contract worth NT\$776 million.	None
Medium-term Lending Limit Contract Limit Contract	Bank of Taiwan	2022/02/15 ~ 2027/02/15	Taiwan VCM Corporation and Bank of Taiwan signed a five-year medium-term secured lending limit contract worth NT\$300 million.	None
Medium-term Lending Limit Contract Limit Contract	Yuanta Bank	2022/04/15 ~ 2027/04/15	Taiwan VCM Corporation and Yuanta Bank signed a five-year medium-term secured lending limit contract worth NT\$235.2 million.	Based on the annual report of Taiwan VCM Corporation, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.

## VI. Financial Summary

### I. Condensed Financial Statements in the Most Recent Five Fiscal Years

(I) 1. Condensed balance sheet-International Financial Reporting Standards-consolidated

Unit: NT\$ thousand

Year  Item		Financial information of the most recent five years (audit and certification)					As of March 31, 2023 Financial Information (for review)
		2018	2019	2020	2021	2022	
Current assets		6,314,227	4,876,866	5,874,585	7,888,292	6,755,051	6,976,542
Property, Plant and Equipment		6,009,889	6,157,575	6,570,237	7,666,434	8,447,505	8,602,267
Intangible assets		2,493	183	0	0	0	0
Other assets		897,486	1,296,609	1,448,803	1,420,589	1,481,223	1,510,078
Total assets		13,224,095	12,331,233	13,893,625	16,975,315	16,683,779	17,088,887
Current Liabilities	Before distribution	2,107,698	1,695,099	2,220,603	2,992,501	3,108,612	2,671,173
	After distribution	2867837 (Note 1)	1,958,614 (Note 1)	3,216,689 (Note 1)	4,445,127 (Note 1)	3,282,927 (Note 1)	— (Note 2)
Non-current liabilities		2,305,293	1,923,568	1,369,264	2,147,545	3,533,939	4,123,208
Total liabilities	Before distribution	4,412,991	3,618,667	3,589,867	5,140,046	6,642,551	6,794,381
	After distribution	5173130 (Note 1)	3,882,182 (Note 1)	4,585,953 (Note 1)	6,592,672 (Note 1)	6,816,866 (Note 1)	— (Note 2)
Equity attributable to owners of the Company		8,374,640	8,250,812	9,703,515	11,162,977	9,446,772	9,678,312
Share Capital		5,067,596	5,270,299	5,533,814	5,810,505	5,810,505	5,810,505
Capital surplus		8,929	10,060	10,338	12,002	14,556	15,896
Retained earnings	Before distribution	3,256,098	2,937,187	4,063,848	5,260,198	3,554,548	3,786,899
	After distribution	2495959 (Note 1)	2,673,672 (Note 1)	3,067,762 (Note 1)	3,807,572 (Note 1)	3,381,233 (Note 1)	— (Note 2)
Other equity		42,017	33,266	95,515	80,272	67,163	65,012
Treasury stocks		—	—	—	—	—	—
Non-controlling Interests		436,464	461,754	600,243	672,292	594,456	616,194
Total equity	Before distribution	8,811,104	8,712,566	10,303,758	11,835,269	10,041,228	10,294,506
	After distribution	8050965 (Note 1)	8,449,051 (Note 1)	9,307,672 (Note 1)	10,382,643 (Note 1)	9,866,913 (Note 1)	— (Note 2)

Note 1: Fill in the numbers after distribution based on the resolution in the Board of Directors' meetings or the annual shareholders' meetings in the following year.

Note 2: It is not presented here because the quarterly earnings have not been distributed.



(I) 2. Condensed consolidated income statement - International Financial Reporting Standards - consolidated

Unit: NT\$ thousand

Item	Year	Financial information of the most recent five years (audit and certification)					As of March 31, 2023 Financial Information (for review)
		2018	2019	2020	2021	2022	
Sales revenue		15,192,621	15,117,855	13,733,148	20,221,524	17,637,479	3,780,066
Gross profit		2,702,563	1,969,480	3,359,290	5,040,380	678,161	699,751
Profit from operation		1,572,923	773,899	2,144,128	3,317,157	(984,470)	377,648
Non-operating revenue and expenses		81,429	80,109	21,210	(10,123)	467,287	(18,003)
Profit before income tax		1,654,352	854,008	2,165,338	3,307,034	(517,183)	359,645
Continuing Operations							
Net income for this period		1,348,653	693,815	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Income (loss) from discontinued operations		7,467	4,175	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Net income for this period		1,356,120	697,990	1,791,710	2,631,418	(337,717)	254,078
Other comprehensive loss income (net amount after tax)		12,260	(2,290)	82,647	(14,961)	107,290	(2,140)
Comprehensive loss and income for this period		1,368,380	695,700	1,874,357	2,616,457	(230,427)	251,938
Total Amount							
Net income attributable to Owners of the Company		1,276,156	642,677	1,634,184	2,468,676	(370,247)	232,351
Net income attributable to Non-controlling Interests		79,964	55,313	157,526	162,742	32,530	21,727
Total comprehensive loss and income attributable to owners of the Company		1,289,043	639,912	1,715,940	2,453,884	(266,133)	230,200
Total comprehensive loss and income attributable to non-controlling interests		79,337	55,788	158,417	162,573	35,706	21,738
Earnings Per Share	Before adjustment	NT\$2.52	NT\$1.22	NT\$2.95	NT\$4.25	(NT\$0.64)	NT\$0.40
	After Adjustment (Note 2)	NT\$2.42	NT\$1.16	NT\$2.81	NT\$4.25	(NT\$0.64)	NT\$0.40

Note 1: The board of directors of the Company passed a resolution in October 24, 2011 to dissolve CGPC (ZS) and CGPC (CP). The Company has considered that its discontinued operations was resumed its operating substance, and, therefore, the Company reclassified the discontinued operations as continuing operations since 2021 after an assessment.

Note 2: The effects of stock dividends have been retroactively adjusted.

(II) 1. Condensed balance sheet - International Financial Reporting Standards - parent company only

Unit: NT\$ thousand

Year Item		Financial information of the most recent five years (audit and certification)				
		2018	2019	2020	2021	2022
Current assets		2,549,373	2,243,869	2,632,522	3,619,894	2,712,496
Property, Plant and Equipment		3,046,423	3,082,693	3,248,517	3,454,391	3,868,478
Intangible assets		1,640	137	46	0	0
Other assets		5,420,078	5,514,107	6,721,182	7,611,505	6,225,210
Total assets		11,017,514	10,840,806	12,602,267	14,685,790	12,806,184
Current Liabilities	Before distribution	1,527,754	1,515,916	1,879,546	2,549,421	1,729,955
	After distribution	2,287,893 (Note 1)	1,779,431 (Note 1)	2,875,632 (Note 1)	4,002,047 (Note 1)	1,904,270 (Note 1)
Non-current liabilities		1,115,120	1,074,078	1,019,206	973,392	1,629,457
Total liabilities	Before distribution	2,642,874	2,589,994	2,898,752	3,522,813	3,359,412
	After distribution	3,403,013 (Note 1)	2,853,509 (Note 1)	3,894,838 (Note 1)	4,975,939 (Note 1)	3,533,727 (Note 1)
Share Capital		5,067,596	5,270,299	5,533,814	5,810,505	5,810,505
Capital surplus		8,929	10,060	10,338	12,002	14,556
Retained earnings	Before distribution	3,256,098	2,937,187	4,063,848	5,260,198	3,554,548
	After distribution	2,495,959 (Note 1)	2,673,672 (Note 1)	3,067,762 (Note 1)	3,807,572 (Note 1)	3,380,233 (Note 1)
Other equity		42,017	33,266	95,515	80,272	67,163
Treasury stocks		—	—	—	—	—
Total equity	Before distribution	8,374,640	8,250,812	9,703,515	11,162,977	9,446,772
	After distribution	7,614,501 (Note 1)	7,987,297 (Note 1)	8,707,429 (Note 1)	9,710,351 (Note 1)	9,272,457 (Note 1)

Note 1: Fill in the numbers after distribution based on the resolution in the Board of Directors' meetings or the annual shareholders' meetings in the following year.



(II)2. Condensed consolidated income statement - International Financial Reporting Standards - parent company only

Unit: NT\$ thousand

Item \ Year		Financial information of the most recent five years (audit and certification)				
		2018	2019	2020	2021	2022
Sales revenue		8,248,176	8,391,693	8,268,069	11,487,847	10,186,976
Gross profit		1,072,154	715,746	879,595	1,583,079	498,888
Profit from operation		570,055	177,311	330,602	801,543	(210,084)
Non-operating revenue and expenses		813,517	512,380	1,355,736	1,820,422	(208,949)
Profit before income tax		1,383,572	689,691	1,686,338	2,621,965	(419,033)
Net income for this period		1,276,156	642,677	1,634,184	2,468,676	(370,247)
Other comprehensive income (loss) for the period, net of income tax		12,887	(2,765)	81,756	(14,792)	104,114
Total comprehensive income		1,289,043	639,912	1,715,940	2,453,884	(226,133)
Earning per Share	Before adjustment	NT\$2.52	NT\$1.22	NT\$2.95	NT\$4.25	(NT\$0.64)
	After Adjustment (Note)	NT\$2.42	NT\$1.16	NT\$2.81	NT\$4.25	(NT\$0.64)

Note: The effects of stock dividends have been retroactively adjusted.

(III) Names of certified public accountants (CPAs) and their opinions

Year	Name of Accounting Firm	Name of CPA	Opinion
2022	Deloitte & Touche, Taipei, Taiwan, Republic of China	Huang, Hsiu-Chun and Chiu, Cheng-Chun	Unqualified opinion
2021	Deloitte & Touche, Taipei, Taiwan, Republic of China	Huang, Hsiu-Chun and Chiu, Cheng-Chun	Unqualified opinion
2020	Deloitte & Touche, Taipei, Taiwan, Republic of China	Huang, Hsiu-Chun and Chiu, Cheng-Chun	Unqualified opinion
2019	Deloitte & Touche, Taipei, Taiwan, Republic of China	Huang, Hsiu-Chun and Chiu, Cheng-Chun	Unqualified opinion
2018	Deloitte & Touche, Taipei, Taiwan, Republic of China	Wu, Shih-Tsung and Kuo, Tzu-Jung	Unqualified opinion

## II. Financial Analysis of the Most Recent Five Fiscal Years

### (I) Financial analysis - International Financial Reporting Standards - consolidated

Analysis Item (Note 3)		Year (Note 1)	Financial analysis of the most recent five years (audit and certification)					Note	Financial data from this year to March 31, 2023 (for review) (Reviewed)
			2018	2019	2020	2021	2022		
Financial structure	Debt-asset Ratio (%)		33.37	29.34	25.83	30.27	39.81	1	39.75
	Proportion of long-term capital in property, plant, and equipment (%)		184.96	172.73	175.31	182.39	160.70		167.60
Debt-paying ability	Current ratio (%)		299.57	287.70	264.54	263.60	217.30		261.17
	Quick ratio (%)		215.29	193.16	208.14	151.50	128.78		155.02
	Interest coverage ratio		164.74	71.33	294.13	625.68	(18.29)	2	25.74
Operation ability	Receivables turnover ratio (times)		8.72	9.21	8.12	10.25	10.18		10.74
	Average days of collection		41.85	39.63	44.95	35.60	35.85		33.98
	Inventory turnover ratio (times)		6.99	8.25	7.75	7.04	5.99		4.67
	Average inventory turnover days		52.21	44.24	47.09	51.84	60.93		78.15
	Payables turnover ratio (times)		12.88	13.66	11.98	16.79	16.03		12.14
	Property, plant, and equipment turnover ratio (times)		2.59	2.48	2.14	2.82	2.19	3	1.77
	Total assets turnover ratio (times)		1.17	1.18	1.05	1.31	1.05	3	0.90
Profitability	Return on assets (%)		10.54	5.54	13.71	17.08	(1.88)	2	1.57
	Return on equity (%)		15.94	7.97	18.84	23.77	(3.09)	2	2.50
	Ratio of net profit before tax to paid-in capital (%) (Note 7)		32.79	16.28	39.13	56.91	(8.90)	2	6.19
	Net profit margin (%)		8.93	4.62	13.05	13.01	(1.91)	2	6.72
	EARNINGS Before Adjustment (NTD)		2.52	1.22	2.95	4.25	(0.64)	2	0.40
	PER SHARE After adjustment (NTD)		2.42	1.16	2.81	4.25	(0.64)	2	0.40
Cash flow	Cash flow ratio (%)		86.71	118.96	94.04	73.73	26.26	4	0.72
	Cash flow adequacy ratio (%)		98.42	117.10	124.86	85.39	72.24		63.62
	Cash reinvestment ratio (%)		5.39	6.46	8.83	4.90	(3.28)	4	0.08
Leverage	Operating leverage		2.48	4.16	2.23	1.84	(1.57)	2	2.78
	Financial leverage		1.01	1.02	1.00	1.00	0.97		1.04
Reasons for the change of various financial ratios in the most recent two fiscal years: (analysis can be exempted if the change of increase or decrease did not reach 20%)									
<ol style="list-style-type: none"> <li>The increase in debt-to-asset ratio was mainly due to the increase in long-term borrowings of NT\$1.55 billion to finance the acquisition of property, plant and equipment of NT\$1.46 billion.</li> <li>The decrease in the interest coverage multiple was mainly due to the decrease in PVC price, which was much larger than the decrease in the cost of EDC, the main raw material, and the significant narrowing of the spread, resulting in a net loss before interest expense and income tax of NT\$490 million.</li> <li>Property, plant and equipment/total asset turnover decreased mainly due to the impact of the COVID-19 and the war between Russia and Ukraine on the global economy, the implementation of a zero carbon emission policy in China, and the drastic increase in inflation and interest rates in the U.S., which led to a sharp decrease in domestic demand for PVC. The two major PVC countries, China and the U.S., have shifted their excess inventory to overseas markets, resulting in a significant decline in Asian PVC price and a NT\$2.58 billion decrease in overall revenue.</li> <li>The decrease in cash flow ratio was mainly due to the decrease in PVC price which was much larger than the decrease in the cost of EDC, the main raw material, and the significant narrowing of the spread, resulting in a net loss of NT\$340 million after tax and a decrease in net income of NT\$2.97 billion compared to 2021. Net cash inflow from operating activities was NT\$820 million, a decrease of NT\$1.39 billion from 2021, and current liabilities were NT\$3.11 billion, an increase of NT\$120 million from the end of 2021.</li> </ol>									



## (II) Financial analysis - International Financial Reporting Standards - parent company only

Analysis Item (Note 3)		Year (Note 1)	Financial analysis of the most recent five years (audit and certification)					Note
			2018	2019	2020	2021	2022	
Financial structure	Debt-asset Ratio (%)		23.98	23.89	23.00	23.98	26.23	
	Proportion of long-term capital in property, plant, and equipment (%)		311.50	302.49	330.08	351.33	286.32	
Debt-paying ability	Current ratio (%)		166.87	148.02	140.06	141.98	156.79	
	Quick ratio (%)		112.01	99.27	105.99	87.42	90.41	
	Interest coverage ratio		98,827.57	876.24	1,711.28	5,933.05	(79.97)	1
Operation ability	Receivables turnover ratio (times)		7.81	8.40	7.55	8.47	8.48	
	Average days of collection		46.73	43.45	48.34	43.09	43.04	
	Inventory turnover ratio (times)		9.56	10.02	11.05	9.92	7.81	2
	Average inventory turnover days		38.17	36.42	33.03	36.79	46.73	2
	Payables turnover ratio (times)		7.46	7.21	5.95	6.42	7.08	
	Property, plant, and equipment turnover ratio (times)		2.77	2.74	2.61	3.43	2.78	
	Total assets turnover ratio (times)		0.76	0.77	0.71	0.84	0.74	
Profitability	Return on assets (%)		11.81	5.89	13.95	18.10	(2.66)	1
	Return on equity (%)		15.77	7.73	18.20	23.66	(3.59)	1
	Ratio of net profit before tax to paid-in capital (%) (Note 7)		27.30	13.09	30.47	45.12	(7.21)	1
	Net profit margin (%)		15.47	7.66	19.77	21.49	(3.63)	1
	EARNINGS PER SHARE	Before Adjustment (NTD)	2.52	1.22	2.95	4.25	(0.64)	1
		After adjustment (NTD)	2.42	1.16	2.81	4.25	(0.64)	1
Cash flow	Cash flow ratio (%)		53.28	45.51	26.53	26.71	(20.19)	3
	Cash flow adequacy ratio (%)		65.75	65.32	66.48	51.89	32.55	3
	Cash reinvestment ratio (%)		0.54	(0.50)	1.56	(1.87)	(11.32)	3
Leverage	Operating leverage		3.20	7.86	4.94	2.79	(4.82)	1
	Financial leverage		1.00	1.00	1.00	1.00	0.98	

Reasons for the change of various financial ratios in the most recent two fiscal years: (analysis can be exempted if the change of increase or decrease did not reach 20%)

- I. The decrease in the interest coverage multiple was mainly due to the decrease in PVC price, which was much larger than the decrease in the cost of VCM, the main raw material, and the significant narrowing of the spread, resulting in a net loss before interest expense and income tax of NT\$410 million.
- II. Inventory turnover rate decreased mainly due to cost of goods sold of NT\$9.7 billion, a decrease of NT\$180 million compared to the end of 2021, while the average inventory amount of NT\$1.24 billion at the beginning and end of 2022, increased by NT\$250 million compared to 2021.
- III. The decrease in cash flow ratio was mainly due to the decrease in PVC price which was much larger than the decrease in the cost of VCM, the main raw material, and the significant narrowing of the spread, resulting in a net loss of NT\$370 million after tax and a decrease in net income of NT\$2.84 billion compared to 2021. Net cash outflow from operating activities was NT\$350 million, an increase of NT\$1.03 billion compared with 2021, and current liabilities were NT\$1.73 billion, a decrease of NT\$810 million compared with the end of 2021.

If the Company has prepared a parent company only financial report, it should prepare a parent company only financial ratio analysis.

\* Companies having adopted IFRS for financial reporting for less than five years should compile additional financial data based on the ROC's financial and accounting guidelines. For details, refer to data of table (2) below.

Note 1: Years not audited by CPAs should be noted.

Note 2: As of the publication date of the annual report, companies that have been listed or have been traded at TPEx should analyze the financial information of the most recent period audited or reviewed by CPAs.

Note 3: At the end of the annual report, the following formula should be presented:

1. Financial structure

(1) Liabilities-to-asset ratio = total liabilities / total assets.

(2) Long-term funds to property, plant and equipment = (stockholders' equity + non-current liabilities) / net property, plant and equipment.

2. Debt-paying ability

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Interest coverage ratio = income before income tax and interest expense / interest expense of the current period.

3. Operation ability

(1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = net sales/average balance of accounts receivable (including accounts receivable and notes receivable generated from operations)for each period.

(2) Average collection days = 365 / receivables turnover.

(3) Inventory turnover = cost of sales / average inventories.

(4) Accounts payable (including accounts payable and notes payable generated from operations) turnover rate = cost of goods sold / average balance of accounts payable (including accounts payable and notes payable generated from operations) for each period.

(5) Average days for sale = 365 / inventory turnover.

(6) Property, plant and equipment turnover rate = net sale / average balance of net property, factory and equipment.

(7) Total asset turnover = net sales / average total assets.

4. Profitability

(1) Return on assets ratio = [net income + interest expense x (1– tax rate)] / average gross assets.

(2) Return on equity = net income after taxes / average equity.

(3) Net profit margin = net income after taxes / net sales.

(4) Earnings per share = (net income (loss) attributable to owners of the parent company - preferred stock dividend) / weighted average number of shares outstanding. (Note 4)

5. Cash flow

(1) Cash flow ratio = net cash provided by operating activities / current liabilities.

(2) Net cash flow adequacy ratio = net cash flow rising from operating activities in the most recent five years / (capital expenditure + inventory increase + cash dividend) in the most recent five years.

(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend) / (gross fixed assets value + long-term investment + other assets + working capital). (Note 5)

6. Leverage:

(1) Degree of operating leverage = (net operating revenue - variable operating cost and expenses) / operating income. (Note 6).

(2) Financial leverage = operating income / (operating income - interest expenses).

Note 4: The above formula for calculating earnings per share should be measured with special attention to the following items:

1. Based on the weighted-average number of common shares rather than the number of shares outstanding at the end of the year.



2. The weighted-average number of shares should be calculated by taking into account the period of liquidity of the shares.
3. Any capital increase from earnings or capital surplus should be adjusted retroactively in proportion to the capital increase when calculating earnings per share for prior years and semiannual periods, without regard to the issuance period of such capital increase.
4. If the special shares are non-convertible cumulative special shares, the dividends for the year, whether paid or unpaid, should be deducted from net income after tax or increased by net loss after tax. If the special shares are non-cumulative, the dividends should be deducted from net income if there is after-tax profit; and if there is a loss, no adjustment is required.

Note 5: For cash flow analysis, particular attention shall be paid to the following items when measuring the cash flow:

1. Net cash flow from operating activities represents the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures represent the annual cash outflows from capital investments.
3. Increases in inventories are included only if the ending balance is greater than the opening balance, and are calculated as zero if inventories decrease at the end of the year.
4. Cash dividends include cash dividends on ordinary shares and special shares.
5. Property, plant and equipment represent the total amount of property, plant and equipment before accumulated depreciation.

Note 6: The issuer should distinguish various operating costs and expenses into fixed and variable categories according to their natures, and if any estimation or subjective judgment is involved, attention shall be paid to their reasonableness and the consistency shall be maintained.

Note 7: Where the shares of the Company are of no par value or with par value of not NT\$10 per share, the ratio of paid-in capital shall be calculated based on the ratio of equity attributable to the owners of the parent company on the balance sheet instead. The nominal value of the Company's share is NT\$10. Therefore, it shall be calculated based on the paid-in capital.

### **III. Supervisors' or Audit Committee's Review Report of the Most Recent Annual Financial Report**

#### **China General Plastics Corporation Audit Committee's Audit Report**

The Board of Directors has prepared the Company's 2022 Business Report, financial statements (including parent company only and consolidated financial statements) which were audited by CPAs Huang, Hsiu-Chun and Chiu, Cheng-Chun of Deloitte, Taiwan and earnings distribution proposal. The above-mentioned reports and financial statements have been reviewed and determined to be accurate by the Audit Committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To

2023 Annual Shareholders' Meeting of China General Plastics Corporation

China General Plastics Corporation  
Audit Committee

Independent Director: Li, Zu-De

Independent Director: Zheng, Ying-Bin

Independent Director: Li, Liang-Xian

Independent Director: Hsu, Chen-I

March 10, 2023





**IV. Consolidated Financial Report and Certified by CPAs for the Most Recent Fiscal Years: Please refer to page 260.**

**V. Individual Financial Report and Certified by CPAs for the Most Recent Fiscal Years: Please refer to page 332.**

**VI. If the Company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties affect the Company's financial situation. The term "affiliates" as used in above refers to entities meeting the requirements set forth under Article 309-1 of the Company Act: None.**

## VII. Review and Analysis of Financial Position and Performance and Risk Items

### I. Financial Position

Comparative analysis of financial position

Unit: NT\$ thousand

Item \ Year	End of 2021	End of 2022	Change (amount)	Change %	Note
Current assets	7,888,292	6,755,051	(1,133,241)	(14.37)	
Investment Accounted for Equity Method	396,902	379,522	(17,380)	(4.38)	
Property, Plant and Equipment	7,666,434	8,447,505	781,071	10.19	
Other assets	1,023,687	1,101,701	78,014	7.62	
Total assets	16,975,315	16,683,779	(291,536)	(1.72)	
Current Liabilities	2,992,501	3,108,612	116,111	3.88	
Long-term borrowings	882,575	2,432,380	1,549,805	175.60	1
Deferred income tax liabilities	594,632	595,996	1,364	0.23	
Net defined benefit liability	517,380	330,322	(187,058)	(36.15)	2
Other liabilities	152,958	175,241	22,283	14.57	
Total Liabilities	5,140,046	6,642,551	1,502,505	29.23	1
Share Capital	5,810,505	5,810,505	0	0.00	
Capital surplus	12,002	14,556	2,554	21.28	
Retained earnings	5,260,198	3,554,548	(1,705,650)	(32.43)	3
Other equity	80,272	67,163	(13,109)	(16.33)	
Total equity attributable to owners of the Company	11,162,977	9,446,772	(1,716,205)	(15.37)	
Non-controlling Interests	672,292	594,456	(77,836)	(11.58)	
Total equity	11,835,269	10,041,228	(1,794,041)	(15.16)	
<p>1. The main reasons and impact of major changes in assets, liabilities, and shareholders' equity in the last two years (with changes of at least 20% and more than NT\$10 million in the beginning and the end periods):</p> <ol style="list-style-type: none"> <li>1. The main reason is that NT\$3.4 billion is required for the construction of the Intercontinental Terminal II tank equipment and the automatic PVC warehouse, etc., which requires long-term funding. As a result, long-term borrowings increased by NT\$1.55 billion.</li> <li>2. The net defined benefit liability was reduced primarily due to a NT\$130 million increase in the benefit of defined benefit plan remeasurement.</li> <li>3. This is mainly due to the net loss of NT\$370 million attributable to the Company's owners and the distribution of cash dividends of NT\$1.45 billion for 2021.</li> </ol> <p>2. If the impact is significant, describe the future response measures:</p> <p>None.</p>					



## II. Financial Performance

### (I) Comparison and analysis of financial performance

Unit: NT\$ thousand

Item \ Year	2021	2022	Change (amount)	Change %	Note
Net sales revenue	20,221,524	17,637,479	(2,584,045)	(12.78)	
Cost of goods sold	15,181,144	16,959,318	1,778,174	11.71	
Gross profit	5,040,380	678,161	(4,362,219)	(86.55)	1
Operating expenses	1,723,223	1,662,631	(60,592)	(3.52)	
PROFIT FROM OPERATIONS	3,317,157	(984,470)	(4,301,627)	(129.68)	1
Non-operating revenue (expenses)	(10,123)	467,287	477,410	(4,716.09)	2
Profit before income tax	3,307,034	(517,183)	(3,824,217)	(115.64)	1
Income tax expenses	675,616	(179,466)	(855,082)	(126.56)	1
Net profit attributable to non-controlling interests	2,631,418	(337,717)	(2,969,135)	(112.83)	1
Other comprehensive income for the year (net amount after taxes)	(14,961)	107,290	122,251	(817.13)	3
Total comprehensive income (loss) for the year	2,616,457	(230,427)	(2,846,884)	(108.81)	1

1. Analysis of changes in the ratio of increase or decrease in the most recent two years (if the gross profit of sales changes by more than 20%, the difference analysis shall be made as shown in Table (2); If the change is less than 20%, the analysis shall be exempted):

- (1) Due to the impact of the COVID-19 and the war between Russia and Ukraine on the global economy, the implementation of a zero carbon emission policy in China, and the drastic increase in inflation and interest rates in the U.S., which led to a sharp decrease in domestic demand for PVC. The two major PVC countries, China and the U.S., have shifted their excess inventory to overseas markets, resulting in a significant decline in Asian PVC market price. The price of EDC, a major raw material, remained high in the first half of the year due to the tight supply and reduced exports from the U.S., and began to fall in the second half of the year after the U.S. and Asian chlor-alkali plants increased their operating rates. As the price of PVC fell much more than the cost of EDC, the main raw material, spreads narrowed, resulting in a significant decline in profitability compared to the previous year.
- (2) This is mainly due to the insurance claim gain of NT\$240 million for the damage of VCM reactor and the increase of foreign currency exchange benefit of NT\$170 million.
- (3) This is primarily due to a NT\$130 million increase in the benefit of defined benefit plan remeasurement.

2. The sales volume forecast and the basis, and the possible impact on the Company's future financial operations and response plans for the upcoming year:

Global inflation is reaching its top, the impact of geopolitical conflicts is fading and the positive attitude to the demand after the COVID-19 measures were released in mainland China, the PVC market has been improving since December last year. It is expected that the housing restrictions in mainland China will be further released to ensure corporate financing and accelerate rural construction. The weakening of U.S. dollars is also conducive to the expansion of infrastructure and energy industry investments in emerging markets, and the PVC market is expected to be better than last year.

The operating team will take overall planning of the vinyl industry chain to get the largest profit space, and make good use of vertical integration mechanism and effective management, implement the improvement and fulfillment of corporate social responsibility associated with work safety environmental protection, and build and expand niche in creating maximize operational performance to achieve the target of sale of 520,000 metric tons during the whole year.

## (II) Analysis table of changes in sales margin:

Unit: NT\$ thousand

	Increase (decrease) amount between the beginning and the end periods	Reason for the difference			
		Price difference	Difference in cost	Sales mix difference	Quantity difference
Sales Margin	(4,362,219)	(1,749,795)	(2,397,697)	(87,284)	(127,443)
Note	<p>Due to the impact of the COVID-19 and the war between Russia and Ukraine on the global economy, the implementation of a zero carbon emission policy in China, and the drastic increase in inflation and interest rates in the U.S., which led to a sharp decrease in domestic demand for PVC. The two major PVC countries, China and the U.S. , have shifted their excess inventory to overseas markets, resulting in a significant decline in Asian PVC market price. The price of EDC, a major raw material, remained high in the first half of the year due to the tight supply and reduced exports from the U.S., and began to fall significantly in the second half of the year after the U.S. and Asian chlor-alkali plants increased their operating rates. As the price of PVC fell much more than the cost of EDC, the main raw material, spreads narrowed sharply, resulting in a significant decline in profitability compared to the previous year.</p>				



### III. Cash Flow

Cash flow analysis table

Unit: NT\$ thousand

Initial cash balance	Net cash inflow (outflow) from operating activities throughout the year	Annual cash flows not derived from operating activities	Cash surplus amount	Remedial measures for cash inadequacy	
				Investment plan	Financial plan
1,220,291	816,378	(760,124)	1,276,545	—	—

1. Analysis of current year's cash flow change:

(1) Operating activities: Net cash inflow of NT\$820 million was mainly due to the net loss before tax outflow of NT\$520 million, depreciation/amortization expense inflow of NT\$710 million, notes/accounts receivable inflow of NT\$630 million, inventory inflow of NT\$430 million and income tax payment outflow of NT\$690 million.

(2) Investment activities: Net cash outflow of NT\$1.53 billion was mainly due to the acquisition of property, plant and equipment with NT\$1.46 billion.

(3) Financing activities: Net cash inflow was NT\$770 million, mainly due to the increase in long- and short-term borrowing inflow of NT\$23.5 billion and the outflow of cash dividends of NT\$1.56 billion.

2. Liquidity improvement program:Not applicable.

3. Cash liquidity analysis for the following year:

Cash balance at the beginning of the period:	NT\$1,276,545	thousand
Expected annual net cash flows from operating activities:	NT\$855,726	thousand
Expected annual cash flows not derived from operating activities:	(NT\$1,102,706)	thousand
Expected annual cash flow:	(NT\$246,980)	thousand
Expected cash balance	1,029,565	thousand

## IV.The impact of the significant capital expenditure in the latest year upon the financial performance

### (I) Application of major capital expenditures and sources of funds:

Unit: NT\$ thousand

	Actual or expected sources of funds	Actual or expected completion date	Total fund required	Actual and expected expenditures		
				2021	2022	2023
(1) Expansion of new product lines						
New Silo 17 project in shipment area	Own funds	2023.08.30	28,300	22,417	0	5,883
Automatic packaging and stacking system project for 25 kg packaged PVC resin	Own funds	2023.06.30	97,440	91,381	3,350	2,709
800RT freezer chiller system renewal project	Own funds	2023.03.31	61,500	24	3,485	57,991
#4 dryer renewal project	Own funds	2023.03.31	209,500	26,756	57,613	125,131
Hydrochloric acid furnace renovation project	Own funds	2023.12.31	70,000	404	3,526	66,070
New construction of automatic storage system project	Own funds	2023.08.31	485,000	218,484	200,667	65,849
Expansion of PVC resin warehouse	Own funds	2023.08.30	37,000	30,047	2,016	4,937
Online defect detection system engineering	Own funds	2023.12.31	9,500	296	3,609	5,595
Secondary steam recovery system project	Own funds	2024.08.30	15,000	85	376	14,539
#6 dryer PVC resin transportation system improvement project	Own funds	2023.12.31	15,000	78	1,149	13,773
#7CAL rolling turbine replacement and renewal project	Own funds	2023.12.31	12,000	3,307	120	8,573
#7 gluing machine replacement and renewal project	Own funds	2024.08.31	26,000	35	25	25,940
Project of addition of deep well and water purification equipment for the Southern Plant	Own funds	2024.08.31	16,000	1,573	79	14,348
Water inlet and output water supply pipe improvement project	Own funds	2024.08.31	13,600	0	313	13,287
Replacement of processing machines	Own funds	2024.12.31	17,500	0	9	17,491
Rejoining VCM ball tank renewal project	Own funds	2026.12.31	538,000	0	655	537,345
Pre-planning project for the retirement and replacement of reclamation tanks	Own funds	2025.12.31	80,000	0	448	79,552
Consolidation, dismantling and refurbishment of soft PVC film/sheet machine equipment	Own funds	2023.10.31	65,000	0	6,288	58,712
New mobile rack system and loading dock project	Own funds	2023.12.31	40,000	0	143	39,857



	Actual or expected sources of funds	Actual or expected completion date	Total fund required	Actual and expected expenditures		
				2021	2022	2023
#7&8 PVC film/ sheet machine retirement project	Own funds	2024.02.28	70,000	0	684	69,316
Cooling water tower pumping and piping renewal project	Own funds	2023.09.30	20,000	0	0	20,000
Hydrogen cooler/chlorine defogger (with piping) renewal project	Own funds	2023.12.31	17,500	0	0	17,500
Project of construction of original storage tank and ancillary equipment and utilities for Zhouji phase II	Own funds and borrowings	2024.12.31	2,178,000	1,570,438	166,971	440,591
Project of expansion of Zhouji phase II EDC and VCM storage tanks	Own funds and borrowings	2023.02.28	478,000	199,075	181,867	97,058
Project of ethylene external industrial pipeline of Zhouji phase II	Own funds	2024.06.30	263,000	59,891	78,487	124,622
C-6204 VCM tower project	Own funds	2023.12.31	70,000	5,205	16,363	48,432
E-6151 reactor spare production project	Own funds	2023.10.31	160,000	4,117	100,949	54,934
Renewal of fixed equipment	Own funds	2023.10.31	39,000	21,206	18,928	0
Cracking furnace heat recovery project	Own funds	2023.06.30	14,000	5,027	8,316	657
Rotating equipment parts	Own funds	2022.09.30	14,216	4,096	10,120	0
New 1000-ton circulating cooling tower	Own funds	2022.07.31	19,267	12,171	7,096	0
The outlet and return pipeline of the cooling water tower is enlarged and the pipeline is updated to the process are	Own funds	2023.09.30	16,000	9,559	3,239	3,202
Instrument cable channel renewal project	Own funds	2023.04.30	18,000	0	11,433	6,567
Renewal of fixed equipment	Own funds	2023.10.31	135,100	21,206	79,196	35,832
Annual overhaul of pipelines and equipment maintenance	Own funds	2022.11.30	33,996	0	33,996	0
T-6030 storage tank update	Own funds	2023.04.30	45,000	0	13,389	31,611
SP-1105 automatic tank cleaning gun assembly project	Own funds	2023.02.28	12,000	0	0	12,000
(2) Information system update						
Fiber optic backbone replacement and server room renovation project in Taufen plant	Own funds	2023.04.30	15,000	0	3,652	11,348
(3) Industrial and security facilities						
Media refrigerator system renewal project	Own funds	2024.02.28	10,000	141	170	9,689
Nitrogen branch piping project	Own funds	2023.12.31	14,000	0	590	13,410
Renewal of the pedestrian bridge attached to the square tube bridge across Ziqiang Road	Own funds	2024.08.31	53,000	0	3	52,997

	Actual or expected sources of funds	Actual or expected completion date	Total fund required	Actual and expected expenditures		
				2021	2022	2023
Project of compliance for the application of the Taiwan VCM Corporation Linyuan Plant building usage license	Own funds	2023.12.31	30,000	20,474	0	9,526
Underground pipeline intelligent probe pipe inspection project	Own funds	2023.12.31	38,800	0	0	38,800
(4) Pollution prevention						
New natural gas steam boiler project	Own funds	2023.03.31	58,000	11,402	14,309	32,289
Hot fuel oil boiler combustion engine renewal project	Own funds	2022.09.30	13,105	13,105	0	0
S-321A stripper renewal	Own funds	2023.03.31	81,300	12,218	44,366	24,716
Project of rainwater canal construction for the Northern Plant	Own funds	2025.12.31	30,000	94	43	29,863
Project of adding new filter tank and pre-processor of the HBF system	Own funds	2023.12.31	24,050	0	12	24,038
Project of adding sand filter tand for waste water	Own funds	2023.08.31	6,400	77	4,802	1,521
LamellaA wastewater treatment system update project	Own funds	2023.02.28	10,185	2,605	7,580	0
Activated carbon fluidized beds VOC control equipment project	Own funds	2023.03.31	65,000	18,025	38,770	8,205
Project of construction of a solar power generation system	Own funds	2023.12.31	108,797	34	68,933	39,830
#4~#10 Printing machine exhaust system optimization project	Own funds	2023.04.30	6,000	0	4,622	1,378
Total			5,964,056	2,363,847	1,183,829	2,417,514

## (II) Potential benefits expected:

The above major capital expenditures are renewal projects to maintain current production efficiency.

## V. Reinvestment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits/Losses Generated thereby, the Plan for Improving Re-Investment Profitability, and Investment Plans for the Coming Year

- (I) The reinvestment of the Company and its subsidiaries in 2022 exceeding 5% of the paid-in capital: None.





- (II) Investments expected in the next year that exceed 5% of paid-in capital: None.

## VI. Risk Analysis and Assessment

### (I) Impacts of fluctuations in interest rates and foreign exchange rates and inflation on the Company's profitability and associated action plans:

#### 1. 2022 interest income (payment) and exchange gain (loss):

Item	2022 (NT\$1,000)
Net interest income (expenses)	(16,683)
Net currency exchange gain (loss)	131,531
Ratio of net interest income (expense) to net revenue	(0.09%)
Ratio of net interest income (expenses) to net income before tax	(4.94%)
Ratio of net currency exchange gain (loss) to net revenue	0.75%
Ratio of net foreign exchange gain (loss) to net income before taxes	25.43%

#### 2. Interest rate:

In order to reduce the risk of interest rate fluctuation, idle funds will be invested in fixed deposit of banks, beneficiary certificates of money market funds, buy back transactions of bonds (bills) and REITs.

Reserve Sufficient short-term funds for operational needs; For medium and long-term capital demand, when the interest rate rises, obtain medium and long-term credit from financial institutions, lock in the capital cost with fixed interest rate, avoid the risk of future interest rate rise, and cope with the long-term capital stability.

#### 3. Exchange Rate:

Hedging is based on the net foreign currency position generated by the Company's business. In addition to closely observing the trend of the international foreign exchange market, it also avoids its risks in a timely manner through spot foreign exchange dumping and forward foreign exchange contracts.

#### 4. Inflation:

The main cost of the Company is the raw material cost, and the product selling price fluctuates in the same direction as the raw material cost. The Company continuously evaluates the impact of

assets and liabilities exposed to interest rate fluctuations on the Company.

**(II) Policies regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and future countermeasures to be taken:**

1. Engaging in high-risk, highly-leveraged investment and lending funds to other parties:

The Company's Regulations Governing the Acquisition and Disposal of Assets stipulates that it shall not engage in high-risk and high-leverage investments. We have also made the "Procedures for Lending Funds to Others" and performed pre-funding evaluation and follow-up measures.

2. Endorsements and guarantees:

Ensure to implement the prior evaluation and subsequent follow-up according to the company's endorsements and guarantees procedures.

3. Derivatives transactions:

The Company engages in derivative commodity trading for the purpose of avoiding operational management risks. The trading commodities are mainly undertaken as forward foreign exchange and speculative operations are not involved. In addition, the counterparties should choose reputable financial institutions to avoid credit risks.



### (III) Future R&D projects and estimated R&D expenditure:

1. Future research and development plan: Planned and implemented by the Materials R&D Department, Product R&D Department, and Production Technology Units.
2. Expected R&D expenditures

Unit: NT\$ thousand

Research and development project	Current progress	Research expenses to be reinvested	Estimated time to complete Mass production time	Major factors that influence the success of R&D in the future
Low VOC PVC/TPE series leather	50%	15000	Before the end of 2023	Equipment, formulas and process conditions
Energy generation through residual hydrogen	0%	1,000	Before the end of 2026	Equipment and process conditions
PVC wire harness tape	0%	1,000	Before the end of 2023	Raw materials, formulas and process conditions
Solvent-free surface treatment leather for PVC/TPE	75%	500	By the middle of 2023	Equipment, formulas and process conditions
TPU headset cover tape development	50%	500	By the middle of 2023	Raw materials, formulas and process conditions
TPO car center island/footrest pad	75%	500	By the middle of 2023	Raw materials, formulas and process conditions
TPO fish-electric symbiotic pool cloth	25%	500	By the middle of 2023	Raw materials, formulas and process conditions
Soft leather development for Casting-like furniture	25%	500	Before the end of 2023	Raw materials, formulas and process conditions
TPO anti-static transparent film	25%	500	Before the end of 2023	Equipment, formulas and process conditions
TPO automotive dashboard light-transmitting film	25%	500	Before the end of 2023	Raw materials, formulas and process conditions
Low-membrane rapidly gelatinized PVC resin	25%	500	Before the end of 2024	Equipment, formulas and process conditions
TPE leather products for car seats	75%	300	By the middle of 2023	Raw materials, formulas and process conditions
Anti-virus door plate development	75%	300	By the middle of 2023	Raw materials, formulas and process conditions

Research and development project	Current progress	Research expenses to be reinvested	Estimated time to complete Mass production time	Major factors that influence the success of R&D in the future
Development of solvent-free PVC cloth paste	25%	300	By the middle of 2023	Equipment, formulas and process conditions
GRS Global Recycling System Certification	75%	300	By the middle of 2023	Raw materials, formulas and process conditions
Anti-virus rigid sheet development	75%	300	By the middle of 2023	Raw materials, formulas and process conditions
High softening temperature car pedal pad	0%	300	Before the end of 2023	Raw materials, formulas and process conditions
Development of special black cooling leather for marine seats	25%	300	Before the end of 2023	Raw materials, formulas and process conditions
Development of High Hydrolysis Resistant TPU Materials and Related Products	25%	300	Before the end of 2023	Raw materials, formulas and process conditions
Recycled TPE leather for end products	50%	300	Before the end of 2023	Raw materials, formulas and process conditions
Development of solvent-free TPE cloth paste	25%	300	Before the end of 2023	Equipment, formulas and process conditions
Bio-shell powder antibacterial and anti-mold leather development	50%	300	Before the end of 2023	Equipment, formulas and process conditions
PVC dispersant countermeasure test	0%	300	Before the end of 2024	Raw materials, formulas and process conditions
Easy cut door edge tape	0%	200	Before the end of 2023	Raw materials, formulas and process conditions
Japanese tape for marking line	0%	200	Before the end of 2023	Raw materials, formulas and process conditions
Marine soft leather development	25%	200	Before the end of 2023	Raw materials, formulas and process conditions
Flattened, 100% non-cracking PVC compounds for valves	0%	200	Before the end of 2024	Raw materials, formulas and process conditions



**(IV) Impact of changes of the important domestic and foreign policies and laws on the Company's finance and business, and countermeasures:**

1. Impact on financial operations:

- (1) Please refer Chapter 5 of the Annual Report: Operations Overview(3) for response measures to the European Union's Restriction of Hazardous Substances Directive (RoHS).
- (2) Pursuant to Article 23-3 of the Statute for Industrial Innovation, the Company shall apply for a reduction in the taxes applicable to undistributed earnings by using undistributed earnings in substantial investments.
- (3) Pursuant to Article 10-1 of the Industrial Innovation , investment in new smart machines for self-use, investment in new hardware, software, technology or technical services related to the introduction of the fifth-generation mobile communication system and investment in information security, application for taxation Applicability of Relief.

2. Response measures:

The Company has a legal department to assess and respond to legal risks, review important contractual documents and legal instruments in advance and alert risks, and provide legal advice to deal with legal matters as needed to protect the Company's rights and interests and reduce default risks and losses. In addition, the accounting division, from time to time, evaluates the impact of such changes on the Company's financial operations and relevant measures in response to the changes in relevant accounting and tax laws and regulations, and discuss with the accountant to prepare the advance planning for such changes.

**(V) Impacts of changes in technology (information and communication security risks) and industry on the Company's financial operations, and related response measures:**

Please refer to 6. Information and Communication Security Management under Operations Overview in Chapter 5 of the Annual Report.

**(VI) Impact of changes in corporate image on the Company's risk management, and response measures:**

The Company has always uphold the professional and integrity of the operating principles, paid attention to corporate governance, corporate social responsibility, therefore, there is no foreseeable risk associated with changes in corporate image.

**(VII) Expected benefits and possible risks of mergers and response measures:** Not applicable.

**(VIII) Expected benefits and possible risks to expand the plants and the countermeasures:**

The Company does not have a plant expansion plan.

**(IX) Risks resulting from consolidation of purchasing or sales operations and response measures:**

The Company has always been focusing on the petrochemical and plastics market information research and evaluation and strengthening the production, marketing and procurement and other operational strategic planning to maximize profits. Therefore, it can minimize the risk of purchase or sales concentration.

**(X) Impacts and risks resulted from major equity transfer or replacement of directors, supervisors, or shareholders holding more than 10% of the Company's shares, and related countermeasures:** None.

**(XI) Impact, risk, and response measures related to any change in governance rights in the Company:**

1. Implementation and responsible unit: Board of Directors.
2. There have been no changes in management control at the Company in the most recent fiscal year up to the publication date of this annual report.

**(XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: involve the Company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the Company; and**



**have been concluded by means of a final and unappealable judgment or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report.**

1. Implementation and responsible unit: Legal Division.
2. Concluded or pending major litigious, non-litigious or administrative disputes in the most recent year and as of the date of report:

(1) The Company:

On January 1, 2021, the personnel of Environmental Development Department of Executive Yuan carried out audit at the Toufen Plant of the Company, and found that some PVC leather manufacturing units were using PU resins, inks, butanone, surface treatment agents for surface painting and printing. Therefore, they regarded such processes as printing procedures, and used mass balance method to calculate the emission of volatile organic compounds and air pollution prevention cost. On February 11, 2022, they informed the Environmental Protection Bureau of Miaoli County with a letter, requesting to recheck the emission of volatile organic compounds and air pollution prevention cost of the Toufen Plant of the Company, and re-calculate the cost for 5 years according to the Article 131 of the administration procedure act.

On July 8, 2022, the Environmental Protection Bureau of Miaoli County notified the Company that the air pollution prevention cost from the fourth quarter of 2016 to the third quarter of 2021 had been recalculated and a retroactive amount of NT\$60,510,546 shall be paid. Although the Company filed a statement on July 29, 2022, claiming that the Miaoli County Environmental Protection Bureau's recalculation was incorrect, the Miaoli County Environmental Protection Bureau issued an administrative sanction on August 30, 2022, ordering the Company to pay NT\$60,510,546 for the five years from the

fourth quarter of 2016 to the third quarter of 2021 for air pollution prevention and control of fixed pollution sources.

The Company did not accept the administrative penalty and filed an appeal with the Environmental Development Department of Executive Yuan. On February 14, 2023, the Environmental Development Department decided to revoke the penalty and requested the Environmental Protection Bureau of Miaoli County to impose another applicable penalty within two months.

- (2) Directors, Supervisors, General Managers, persons with actual responsibility in the Company, and major shareholders holding more than 10% of the Company's shares: None.
- (3) Investments accounted for adopting the equity method:

Regarding the associate, China General Terminal & Distribution Corporation (hereinafter "CGTD"), who was commissioned to operate the LCY Chemical Corp.'s propylene pipeline resulting in a gas explosion on July 31, 2014, the appeal was dismissed by the Supreme Court on September 15, 2021, and all three employees of CGTD were innocent.

CGTD reached an agreement with Kaohsiung City Government on February 12, 2015 and pledged a term deposit of \$228,904 thousand (including interest) to the Government as a guarantee for losses caused by the gas explosions. The Kaohsiung City Government has also filed civil litigation against LCY Chemical Corp. CGTD, and CPC Corporation. Taiwan Power Company applied for provisional attachment against CGTD's property on August 27 and November 26, 2015. CGTD had deposited cash of \$ 99,207 thousand to the court to avoid provisional attachment. Taiwan Water Corporation also applied for provisional attachment against CGTD's property on February 3 and March 2, 2017. Assets under attachment amounted to approximately \$10,866 thousand as of April 25, 2023.

As for the victims, CGTD, LCY Chemical Corp. and Kaohsiung City Government signed a tripartite agreement on July 17, 2015 agreeing to negotiate the compensation first with





the 32 victim's successors and persons entitled to the claims ("family of the victim"). Each victim's family was entitled to \$12,000 thousand and the total compensation was \$384,000 thousand. The compensation was first paid by LCY who also represent the three parties in the settlement negotiation and the signing of settlement agreements with family of the victim. CGTD also agreed to pay \$157,347 thousand to LCY on August 10, 2022 in accordance with 30% of the proportion of fault liability in the first instance judgment in accordance with a tripartite agreement. After that, when the civil litigation is determined, it will be compensated according to the determined liability ratio.

As for the seriously injured victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for serious injuries on October 25, 2017 agreeing to negotiate the compensation first with the 65 seriously injured victims. The compensation was first paid by CGTD and the Kaohsiung City Government. CGTD also represents the three parties in negotiating settlements with victims who suffered serious injuries in the incident. It has signed settlement agreements with 64 of the victims.

As of April 25, 2023, victims and their families have filed civil (including supplementary civil action) lawsuits against LCY Chemical Corp., CGTD and CPC Corp. for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim of \$46,677 thousand, and the amount of the settlement was \$4,519 thousand. Along with the case still under litigation and the above-mentioned compensation, the accumulated amount of compensation is \$3,856,447 thousand. The first-instance judgments of some of the above-mentioned civil cases (with a total amount of compensation of approximately \$1,470,793 thousand) have been gradually announced, starting from June 22, 2018. The proportion of fault liability of the Kaohsiung City Government, LCY Chemical Corp. and CGTD is 4 : 3 : 3 in most judgments. The total amount of compensation that CGTD, LCY Chemical Corp. and the

other defendants should pay is around \$401,979 thousand. (In particular, CGTD was exempted to pay \$6,194 thousand according to the court's judgment.) For the civil cases that have been sentenced but not settled, CGTD has filed an appeal and has started the second trial procedure one after another. The rest cases are still under trial in the Court of First Instance (the amount of compensation requested is approximately \$1,882,829 thousand). CGTD has signed a claim settlement agreement with the insurance company in accordance with the proportion of fault liability determined in the first-instance judgment to estimate the amount of settlement for victims and seriously injured and the civil litigation compensation amount (including settled cases). The maximum amount of the insurance compensation was deducted to calculate the amount payable by CGTD and the NT\$136,375 thousand has been included in the estimate on the account. However, the actual settlement and compensation amount described above can only be verified after the proportion of fault liability is determined in the civil judgments.

**(XIII) Risk management, policies, and management plans for information security:**

Please refer to 6. Information and Communication Security Management under Operations Overview in Chapter 5 of the Annual Report.

**(XIV) Climate change affects the Company's operations, finance, supply chain, policy and investment decisions, etc.:**

Climate change is a common global challenge, and carbon reduction has become a common goal for the world. In recent years, USI Group has actively engaged in mitigation of greenhouse gases generated by operations, and engaged in energy saving and carbon reduction improvements, echoing the government's net zero carbon emission policy. In order to strengthen carbon reduction efforts, USI Group set its 2030 carbon reduction target of "27% reduction in carbon emissions in 2030 compared to 2017" in early 2022, and actively implemented corresponding strategies and management mechanisms. The Group's nine core production plants in mainland China continue to implement



greenhouse gas check and verification, and plan to implement carbon reduction programs and implement ISO 50001 energy management system and obtain certification. The Group is also actively developing external renewable energy sites. As of the end of 2022, the cumulative grid-connected capacity of solar farms has reached 5.9MW.

CGPC has followed the Group's 2030 carbon reduction target to plan its carbon reduction path, and its 2022 greenhouse gas emissions have decreased by 17% compared to the base year (2017). In the future, we will actively implement energy saving and carbon reduction programs, improve energy efficiency, use renewable energy, and use low-carbon fuels to achieve carbon reduction targets and promote sustainable development.

The Company's Sustainable Development Committee is the highest governing body for climate change management. It is chaired by an independent director. He/she reviews the company's climate change strategy and goals, manages climate change risks and opportunities, reviews the implementation, and reports to the Board of Directors every year. CGPC uses the framework provided by the Task Force on Climate-related Financial Disclosures (TCFD) to identify opportunities and risks related to climate, evaluate risks and opportunities in different departments, evaluate financial influence, set response plan, plan the restart of complete evaluation every three years, and check for updates every year. The latest evaluation was completed in 2021.

#### 1. CGPC's Task Force on Climate-related Financial Disclosures (TCFD) Framework

Governance	Corporate Sustainability Committee	CCPG's CSR Committee is the Company's highest-governing body for climate change management. It is chaired by an Independent Director and reports the implementation, plans, and actual performance in climate change in meetings every six months.
	Management Conference	The Chairman of the Board of Directors shall act as the chairman of the conference to promote and plan major energy saving and carbon reduction policies and report results.
	Preventive Maintenance and Environmental Risk Control Division Quarterly Meeting	The highest-level unit in the implementation of energy management in USI, and it reports to the Group's Chairman every quarter on the planning and progress of implementation for decision making.

	Green power team of the Group	It is the main unit in charge of the promotion of green power for the USI Group, which shall report the green power development progress and future plan with the Chairman of the Board of Directors.
Strategy	Risk and Opportunity Identification	According to risk and opportunity items, each company identifies major items based on the probability and impact.
	Potential financial impact evaluation	Identify major projects based on the possibility and impact of risk and opportunity projects
	Scenario Analysis	Set up the net zero carbon emission solutions according to different scenarios
Risk Management	Introduction of the TCFD framework	The TCFD framework is adopted to identify risks and opportunities, which will be communicated with major responsible units and confirmed by senior executives.
	Presentation of the identification results	It shall be integrated into the annual risk management evaluation program of the Company, and the general manager shall report the implementation of control measures and management efforts to the Audit Committee and the Board of Directors every year.
Indicators and Goals	Group energy management goals	Energy management goal shall be set under the carbon reduction goal of the Group with 2017 as the base year to reduce the carbon emission by 27 in 2030.
	Response strategies for climate change	Equipment replacement, installation of renewable energy equipment, optimization of production schedules, air conditioning planning of buildings, energy management systems, and extreme climate emergency response plan are included.
	Greenhouse gas emissions disclosure	The Scope 1 and Scope 2 emission data are disclosed in the sustainability report every year, and review of the reasons for the increase or decrease is conducted regularly.

## 2. Identify climate risks and opportunities

The impact of climate change on operations has become increasingly severe. The Company shall carefully assess any possible risks and grasp potential new business opportunities. CGPC has actively promoted energy conservation and carbon reduction plans in recent years. We have dedicated full efforts into increasing production capacity and efficiency, and replacement of old equipment with high-efficiency energy-saving equipment. The TCFD method is used to identify the 5 major risks and 7 major



opportunities in the operation, and the time of impact is evaluated for differentiation. In the future, we will review our actions year by year to build a resilient climate change culture.

- The results of the identification of climate change risks and opportunities according to the period of occurrence are shown in the following table:

Type	Short-term (< 3 years)	Mid-term (3~ 5 years)	Long-term (5 years)
Physical risks	---	(1) Increased severity of extreme weather events (2) Changes of rainfall patterns and extreme climates	---
Transformation risks	Raw materials Cost increase	(1) Increasing pricing of greenhouse gas emissions (2) Stigmatization of the sector	---
Opportunities	Reduce water consumption and water consumption	(1) Participation in renewable energy programs and adoption of energy conservation measures (2) Usage of low-carbon energy sources (3) Use of more efficient production and distribution processes (4) R&D and innovation for the development of new products and services	(1) Participation in the carbon trading market (2) Energy substitution/diversification

### 3. Potential financial impact of risks and response measures

Type	Climate Risk	Potential financial impacts	Company description	Response measures
Physical risk	Changes of rainfall patterns and extreme climates	Increased operational costs Increased capital expenditures Decrease in net asset value Reduced revenue	<ul style="list-style-type: none"> <li>Changes in rainfall patterns, such as typhoons and floods, will increase the chance of damage to plants and equipment, resulting in business interruptions.</li> </ul>	Reconstruction of old rain ditch in Toufen Plant: Two outfalls and sludge removal are added, and the second phase of the ditch reconstruction planning is under way.
	Increased severity of extreme weather events	Increased operational costs Increased capital expenditures Reduced revenue	<ul style="list-style-type: none"> <li>When there is no rain for a long time, the reservoir stock will be low, which will lead to water consumption restriction and water shortage. Flooding caused by typhoons and heavy rainfall will cause operational interruptions.</li> </ul>	
Transformation risk	Rising costs of raw materials	Increased operational costs Reduced revenue	<ul style="list-style-type: none"> <li>Extreme climate may cause uncertainty in transportation cost and delivery time of raw materials</li> <li>Using low carbon emission raw materials will increase procurement costs</li> </ul>	<ol style="list-style-type: none"> <li>Establish safety inventory and regularly review the inventory.</li> <li>Ensure stable supply of raw materials.</li> <li>Handling market changes as a material purchasing strategy.</li> <li>Handle production and sales scheduling, and adjust production dynamically.</li> </ol>
	Stigmatization of the sector	Increased operational costs	<ul style="list-style-type: none"> <li>Accelerated transformation</li> <li>Investing in green energy equipment</li> </ul>	<ol style="list-style-type: none"> <li>Layout of new green R&amp;D thinking (non-toxic), and research and development of PVC free products, including</li> </ol>



Type	Climate Risk	Potential financial impacts	Company description	Response measures
		Increased capital expenditures Reduced revenue	and using green products	<p>TPE, TPU, TPO, and other green products.</p> <p>2. Replace VCM tank car new unloading equipment to reduce VOC emission. (Scheduled to be completed by Q4 of 2023)</p> <p>3. Build new activated carbon fluidized bed VOCs prevention equipment in Q4 of 2022.</p> <p>4. Regularly perform inspections, propose improvement measures, and install additional pollution prevention equipment. Process part: Optimize the slotting procedure of reaction tank and reduce VOC emission. (Ongoing)</p> <p>5. CGPC and its subsidiaries are working hard to protect the environment and cooperate with the government to promote the signing of voluntary reduction agreements.</p>
	Increasing pricing of greenhouse gas emissions	Increased operational costs Reduced revenue	<ul style="list-style-type: none"> <li>The company may be impacted by the climate change laws and carbon fee may be paid according to the carbon fee system implemented in Taiwan.</li> </ul>	<p>1. Greenhouse gas emissions are monitored through annual inventory.</p> <p>2. Continue to pay attention to the revision of national climate change related laws and regulations, and actively participate in the public hearing of the new (Revised) Research Institute.</p>

#### 4. Potential financial impact of opportunities and response measures

Type	Climate-related Opportunities	Potential financial impacts	Company description	Response measures
Opportunities	Reduce water consumption and water consumption	Reduced operating costs and increased asset value	<ul style="list-style-type: none"> <li>● Improve water saving and waste water recycling through the improvement of processes</li> <li>● Include water consumption in monthly key performance indicators monitoring, conduct statistical analysis and comparison of water consumption, and if abnormal water consumption is found, immediately investigate the cause and carry out improvement.</li> </ul>	<ol style="list-style-type: none"> <li>1. Drying centrifuge wastewater recovery system (HBF): recovered water is recharged to the cooling water tower for reuse, reducing the amount of tap water recharge and wastewater discharge.</li> <li>2. The annual water saving of CGPC and CGPCPOL in 2022 was about 775.7 million liters/year.</li> </ol>
	Participation in renewable energy programs and adoption of energy conservation measures	Reduced operating costs and increased asset value	<ul style="list-style-type: none"> <li>● Increase output, improve energy efficiency per unit of products and reduce greenhouse gas emissions through proper equipment and operation optimization</li> </ul>	<ol style="list-style-type: none"> <li>1. Implement a 1% annual energy saving program to improve energy efficiency through process and equipment improvements.</li> <li>2. Intelligent management: AI is introduced into the chemical process to achieve "energy saving and carbon reduction as well as product quality" by AI algorithm.</li> </ol>
	Usage of low-carbon energy sources	High investment cost in early stage, operation cost reduced year by year	<ul style="list-style-type: none"> <li>● Natural gas is used as fuel, no coal is used, and solar power system is built</li> </ul>	<ol style="list-style-type: none"> <li>1. Three plants have obtained ISO 50001 energy management system verification.</li> <li>2. The Toufen Plant of CGPC has built a solar photovoltaic power generation system and set up a project team to evaluate the construction of renewable energy power generation equipment and purchase green power.</li> </ol>
	Participation in the carbon trading market	High investment cost in early stage, Low carbon emissions	<ul style="list-style-type: none"> <li>● The climate change act will specify carbon fee as the first step for planning, so as to reduce the emissions per product unit, and deal with the market impact</li> </ul>	





Type	Climate-related Opportunities	Potential financial impacts	Company description	Response measures
		in the latter period, reduced operating costs	due to total emission control	
	Energy substitution/diversification	Reduced operating costs and increased asset value	<ul style="list-style-type: none"> <li>Assessing diversified power sources to replace high carbon emission sources</li> </ul>	<ol style="list-style-type: none"> <li>In May 2022, the Company bought back the solar power generation system and barged 1,672,771 kWh of electricity to Taiwan in 2022.</li> <li>Since 2022, the Company planned to build and install solar photovoltaic power generation system of about 680 kWp, and the remaining insufficient capacity will be planned by the Group.</li> <li>In 2022, the three plants saved 102,916 GJ of energy, reduced 6,286 tons of CO<sub>2</sub>e, which is about 16 Da'an Forest Parks of absorbed carbon.</li> </ol>
	Use of more efficient production and distribution processes	Reduced operating costs and increased asset value Increased revenue	<ul style="list-style-type: none"> <li>Increase output, improve energy efficiency per unit of products and reduce greenhouse gas emissions through proper equipment and operation optimization</li> </ul>	<ol style="list-style-type: none"> <li>Equipment automation and energy-saving improvement.</li> <li>Replacement of old equipment with new ones.</li> <li>Use energy saving lighting.</li> <li>Promote intelligent manufacturing management systems.</li> <li>Build three-dimensional automatic warehouse and improve transportation line.</li> </ol>
	R&D and innovation for the development of new products	Increase in asset value / decrease in operating costs	<ul style="list-style-type: none"> <li>Combined with intelligent mechanical technology to monitor each device</li> <li>Innovative R&amp;D of non-toxic, recycled material-based products</li> </ul>	<ol style="list-style-type: none"> <li>Intelligent mechanical inspection and control equipment, and the optimal setting of the PVC resin dryer process are built to improve product quality and ensure energy savings.</li> <li>Cooperate with customers to develop recycled TPU shoe products, and recycle materials to make shoe leather.</li> <li>Research and development of new varieties of non-toxic plasticizer and stabilizer to make PVC products.</li> <li>Introduction of GRS Global Recycling System Certification.</li> </ol>

**(XV) Responding to environmental, social, and corporate governance risks:**

Aspects to consider	Risk description	Response measures
Governance	Raw material-related risks	<ul style="list-style-type: none"> <li>• Establish safety inventory and regularly review the inventory.</li> <li>• Vertical integration and effective management.</li> <li>• Manage and coordinate material procurement strategies.</li> <li>• Implement flexible adjustments in production and sales for the production plan.</li> </ul>
	Disaster/accident leading to production and operation interruption	<ul style="list-style-type: none"> <li>• Regularly organize occupational safety and fire safety training.</li> <li>• Regular maintenance, PDA inspections, and infrared thermal image inspections of machinery and equipment.</li> <li>• Purchase property insurance, operation interruption insurance, shipping insurance, and public liability insurance</li> <li>• In order to ensure the safety of employees, strengthen advocacy and education and training, and continuously improve the safety of on-site operation of employees, the company has entrusted a third party unit to analyze the causes of the accident, conduct in-depth review and improvement, reduce the hazard factors, and put forward corresponding action plans: <ul style="list-style-type: none"> <li>• System: <ol style="list-style-type: none"> <li>(1) The material and time limit of flange gaskets shall be determined, and the flange gaskets shall be replaced according to the time limit.</li> <li>(2) Set up the on-site audit procedures for all levels of personnel to implement the operation safety.</li> <li>(3) Revise relevant SOP and implement education and training.</li> </ol> </li> <li>• Implementation: <ol style="list-style-type: none"> <li>(1) Check and replace the incompatibilities of pipeline equipment.</li> <li>(2) Implement the MOC and replace the records with CMMS registry.</li> <li>(3) Conduct the education and training of wearing protective equipment at all levels, and test the implementation degree with normal no warning drill.</li> <li>(4) Every year, we will carry out in-house drills of disaster and emergency, including emergency treatment of leakage and fire.</li> </ol> </li> </ul> </li> </ul>
	Others	<ul style="list-style-type: none"> <li>• Adjust business strategy due to COVID-19: Continue to disperse PVC market to avoid overall sales affected by single market factors.</li> <li>• Capacity impact and operation interruption countermeasures: Take emergency outsourcing, adjust overlapping production line, arrange equipment maintenance in advance, and strictly control the business order delivery. At the same time, ask the financial department to negotiate with the insurance company for the loss of operation interruption and shutdown.</li> </ul>



Aspects to consider	Risk description	Response measures
	Financial risks	<ul style="list-style-type: none"> <li>• Interest rate changes: Influenced by the COVID-19 and the Russia-Ukraine war, global inflation is soaring and central banks are raising interest rates to curb inflation. We continue to pay attention to market trends, raise the level of borrowing lines in a timely manner, and adjust the proportion of short-term, medium- and long-term borrowing to make the overall financial structure more stable in order to reduce the risk arising from interest rate fluctuations.</li> <li>• Exchange rate variation: Use forward foreign exchange contracts to offset risks. In principle, foreign exchange operations are hedged by 100% of the Company's net position, and the hedging ratio is adjusted appropriately within the controlled risk range.</li> <li>• Property insurance: The risk is properly transferred to the insurance company by maintaining various property insurance policies. For example: Purchase fire insurance, operation interruption insurance, and shipping insurance.</li> <li>• Endorsement guarantee: To implement according to the Regulations Governing the Making of Endorsements/Guarantees</li> <li>• Accounts Receivable Risk: Actively care about customers' operating conditions or analyze customers' financial reports.               <ol style="list-style-type: none"> <li>(1) Domestic customers: Add substantial guarantee and qualified joint guarantor.</li> <li>(2) Export customers: Countries that strive to increase the amount of credit insurance and increase the coverage of L/C insurance.</li> </ol> </li> </ul>
Environmental risks	Inappropriate discharge of sewage and hazardous gases	<ul style="list-style-type: none"> <li>• Establishment of an environmental management system: Establish ISO 14001 environmental management system and conduct regular internal and external audit to ensure compliance with environmental regulations.</li> <li>• Regularly perform inspections, propose improvement measures, and install additional pollution prevention equipment.</li> <li>• Continue to promote energy conservation and carbon reduction.</li> <li>• Replace VCM tank car new unloading equipment to reduce VOC emission. (Scheduled to be completed by the end of 2023)</li> <li>• Process part: Optimize the slotting procedure of reaction tank and reduce VOC emission. (Ongoing)</li> <li>• Regularly plan and inspect pipelines and equipment components and timely repair to reduce pollution caused by equipment damage and failure. (in progress)</li> <li>• Pollution prevention equipment: Clean the flue regularly and increase the emission chimney pollution treatment equipment to reduce the generation of peculiar smell. (Ongoing)</li> </ul>

Aspects to consider	Risk description	Response measures
Society	Transportation and storage operations and safety maintenance	<ul style="list-style-type: none"> <li>• Tanker trucks must have certificates of qualification in inspections and comply with related control regulations and measures.</li> <li>• The transportation of toxic chemical substances regulated by the government must be incorporated into the corresponding joint defense organization.</li> <li>• Contractor vehicles must be regularly inspected and safety meetings must be held in accordance with regulations.</li> <li>• Develop corresponding risk control measures.</li> </ul>
	Impact of infectious diseases on employee health and work	<ul style="list-style-type: none"> <li>• Establish disease prevention procedures and guidelines for infectious diseases.</li> <li>• Establish a disease prevention team to execute preventive measures.</li> <li>• Set up operating standards for relevant technologies and management.</li> </ul>
	Passing on the technology and experience of high-level talents	<ul style="list-style-type: none"> <li>• System of job rotations and agent cultivation.</li> </ul>
	Information Security	<ul style="list-style-type: none"> <li>• Protection of confidential customer information.</li> <li>• Risk categories and responses-risks and challenges.</li> </ul>

Note: Derivative financial products Interest Rate Swap (IRS).

## VII. Other Important Matters: The Company's key performance indicators

- (I) Productivity achievement rate: Compared to the annual target, raw materials products reached 96.00% and processed products reached 81.80%.
- (II) Yield: Compared to the annual target, raw materials products reached 100.10% and processed products reached 99.80%.
- (III) Customer complaints: In 2022, the ratio of annual losses from customer complaints (excluding quantity discounts) was 0.013% (the losses from customer complaints as a ratio of the revenue) and it was within the Company's control.
- (IV) Employee proposals: In 2022, there were 406 proposals (established cases) and the estimated savings is NT\$55.95 million.
- (V) Labor safety incidents:  
Injury frequency in 2022 (number of disability and injury per million hours): 2.25



Injury severity rate in 2022 (total number of days of losses due to disability and injury per million hours):

119, the incidence of work safety is still within a manageable range for the Company.

(VI) Pollution prevention:

1. The Company's subsidiary Taiwan VCM Corporation rented part of the land in the Qianzhen factory of China Petrochemical Development Corporation to set up a factory to produce VCM from January 1, 1970, to December 31, 1989. In October 2006, the area was deemed a groundwater pollution control site. After remediating the area using the "Physics+Chemistry+Biology" engineering method developed by Taiwan VCM Corporation, the groundwater pollution concentration level of the site decreased to less than the groundwater pollution control standard. Based on the findings of re-inspections by the Environmental Protection Bureau of the Kaohsiung City Government from January 11th to 12th, 2016, it was announced on April 11th, 2016 that the area had its status as a groundwater pollution control site terminated and was removed from the delineation of the groundwater pollution control region. In 2022, we obtained the second technical certificate from Kaohsiung Environmental Protection Bureau for the completion of the remediation of the contaminated site: Kaohsiung Environmental Protection Bureau affirmed the remediation performance of the Environmental Development Department of TVCM - The rectification performance of Sinopec Qianzhen factory control site.
2. Small areas of the Company's Toufen Plant were listed by the environmental protection unit as groundwater pollution control sites and groundwater pollution control region in 2010. Toufen Plant adopted the "Physics+Chemistry+Biology" engineering method developed by the subsidiary Taiwan VCM Corporation for remediation and improvement. The environmental protection unit performed sampling and verification onsite and found all statistics to meet government control standards and the Environmental Protection Administration and Environmental Protection Bureau of Miaoli County announced the removal of the site from the list of controlled areas on February 24, 2017, and March 21, 2017. In 2021, we obtained the first certificate from the Environmental Development Department of the Executive Yuan for the remediation of polluted sites: Environmental Development Department of the Taiwan VCM Corporation affirmed the remediation performance of the environmental development

department of TVCM - The rectification performance of the Huaxia Toufen factory remediation site.

3. The Environmental Development Department of TVCM was approved by the Environmental Development Department of the Executive Yuan for the certificate of decontamination technology for contaminated sites. Through promoting the certification and validation of remediation technologies and collecting information from domestic manufacturers and successful cases of separation, the EPD recently announced the remediation technologies of Environmental Development Department of Taiwan VCM Corporation in the "soil and groundwater pollution remediation network" of EPD.
4. Chien, Hua-Yi, Director of Environmental Development Department of TVCM, was awarded the 2020 Outstanding Program Manager Award by Taiwanese Soil and Groundwater Environmental Protection (TASGEP).
5. Environmental Development Department of TVCM (CGPC's subsidiary), was awarded the "Soil and Groundwater Seminar - Best Paper Award" by The Chinese Institute of Environmental Engineering at the 33rd annual meeting and various special academic seminars.
6. Newly developed oil degrading bacteria in 2022: After the soil of the oil contaminated site was acclimatized in the laboratory, the bacteria with degrading function were screened out, and after fermentation and cultivation, toluene and naphthalene degrading genes could be detected, and the function of degrading benzene, toluene, and diesel oil could be used for on-site remediation.

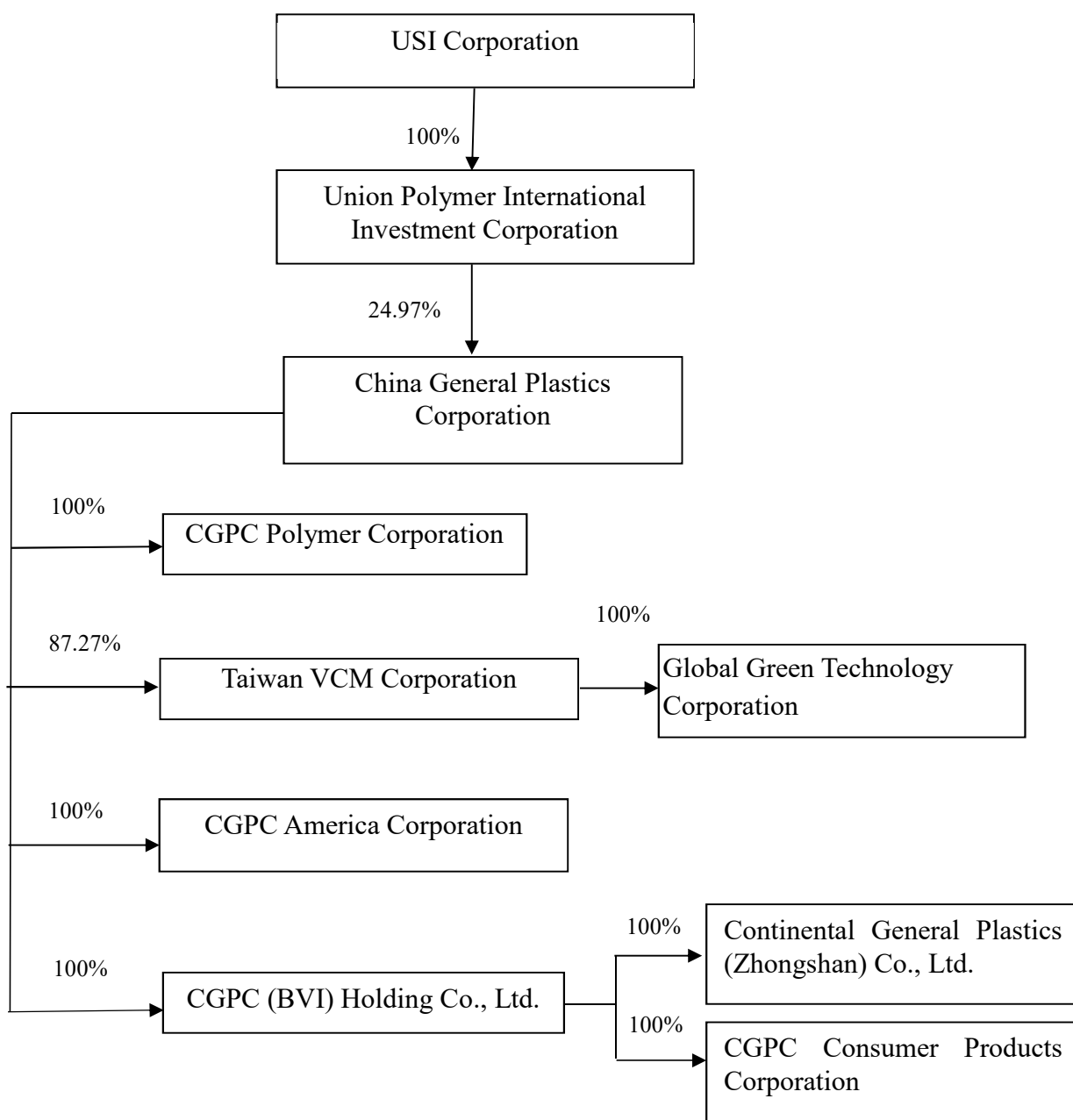


## VIII. Special Notes

### I. Affiliates Information

#### (I) 2022 Consolidated Business Report of Affiliated Enterprises

##### 1. Organizational Structure of Affiliated Companies



## 2. Basic information of affiliates

Unit: NT\$ thousand

Name of Company	Date of Founding	Address	Actual Paid-in Capital	Main Business or Product
Taiwan VCM Corporation	1970.01.21	No.1, Gongye 1st Road, Linyuan District, Kaohsiung City	2,974,425	Manufacturing and marketing of VCM
CGPC America Corporation	1988.06.21	1181 California Ave., Suite 235 Corona, CA 92881	615,736	Marketing of PVC film and leather products
CGPC (BVI) Holding Co., Ltd.	1997.04.10	Citco Bulding, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	500,827	Reinvestment
Continental General Plastics (Zhongshan) Co., Ltd.	1997.12.02	No.1, Yianjiang East 2nd Road, Zhongshan Torch Hi-Tech Industrial Development Zone, Zhongshan City, Guangdong Province, China	614,200	Manufacturing and sales of PVC secondary processing, three processing products
CGPC Consumer Products Corporation	2006.12.12	No.1, Yianjiang East 2nd Road, Zhongshan Torch Hi-Tech Industrial Development Zone, Zhongshan City, Guangdong Province, China	46,065	Manufacturing and sales of PVC third processing products
CGPC Polymer Corporation	2009.05.19	12F, No.37, JiHu Road, NeiHu District, Taipei City	1,000,000	Manufacturing & marketing of PVC resins
Global Green Technology Corporation	2022.02.11	12F, No.37, JiHu Road, NeiHu District, Taipei City	50,000	Environmental detection services

3. Information of the same legal person shareholder presumed to have relationship of controlled and affiliated: None.

## 4. Business of affiliates and their relationships

Industry code	Name of affiliate	Business relationship with other affiliates
Petrochemical manufacturing industry	CGPC Polymer Corporation	Procurement from Taiwan VCM Corporation
	Taiwan VCM Corporation	Sell products to CGPC Polymer Corporation
Plastics manufacturing	Continental General Plastics (Zhongshan) Co., Ltd.	
	CGPC Consumer Products Corporation	
Plastic sales industry	CGPC America Corporation	Sales of products of China General Plastics Corporation
Holding company	CGPC (BVI) Holding Co., Ltd.	The Company invested in the following businesses: 1. Continental General Plastics (Zhongshan) Co., Ltd. 2. CGPC Consumer Products Corporation
Testing service industry	Global Green Technology Corporation	





## 5. Information regarding the directors, supervisors and general managers of affiliated companies

Unit: unless otherwise specified, all units are share

Name of Company Responsible unit	Title	Name or representative	Number of shares held by the person/ shareholding percentage	Number of shares/ shareholding percentage of the legal representative
Taiwan VCM Corporation	Chairman	Lin, Han-Fu (Appointed by China General Plastics Corporation)	0/0	259,591,005/87.27
	Director	Wu, Yi-Gui (Appointed by China General Plastics Corporation)	0/0	
	Director	Wang, Ping-I (Appointed by China General Plastics Corporation)	0/0	
	Director	L, Kuo-Hung (Appointed by China General Plastics Corporation)	0/0	
	Director	Liu, Han-Tai (Appointed by China General Plastics Corporation)	0/0	
	Director	Hu, Chi-Hong (Appointed by China General Plastics Corporation)	0/0	
	Director	Chen, Chin-Yuan (Appointed by Ocean Plastics Co. Ltd.)	0/0	37,062,395/12.46
	Supervisor	Huang, Kuang-Che	0/0	—
	Supervisor	Ya-I Huang	0/0	—
	General Manager	Lin, Han-Fu	0/0	—
CGPC America Corporation	Director	Wu, Yi-Gui	0/0	—
	Director	Lin, Han-Fu	0/0	—
	Director	Hu, Chi-Hong	0/0	—
	Director	Sun, Meng-Wen	0/0	—
	General Manager	Hu, Chi-Hong	0/0	—
CGPC (BVI) Holding Co., Ltd.	Director	Wu, Yi-Gui	0/0	—
	Director	Lin, Han-Fu	0/0	—
	Director	Hu, Chi-Hong	0/0	—
	Director	Yang, Wen-Li	0/0	—
Continental General Plastics (Zhongshan) Co., Ltd.	Chairman	Lin, Han-Fu (appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	Capital contribution USD20,000,000/100
	Director	Liu, Han-Tai (appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Director	Yang, Li-Wen (appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Director	Hu, Chi-Hong (appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Director	Chen, Yung-Chih (appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Supervisor	Huang, Ya-I (appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	General Manager	Lin, Han-Fu	0/0	—
	Chairman	Lin, Han-Fu (appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	Capital contribution USD1,500,000/100

Name of Company Responsible unit	Title	Name or representative	Number of shares held by the person/ shareholding percentage	Number of shares/ shareholding percentage of the legal representative
CGPC Consumer Products Corporation	Director	Yang, Li-Wen (appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Director	Hu, Chi-Hong (appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Director	Chen, Wan-Ta (appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Director	Huang, Ya-I (appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	Supervisor	Chen, Yung-Chih (appointed by CGPC (BVI) Holding Co., Ltd.)	0/0	
	General Manager	Lin, Han-Fu	0/0	—
CGPC Polymer Corporation	Chairman	Wu, Yi-Gui (Appointed by China General Plastics Corporation)	0/0	100,000,000/100
	Director	Lin, Han-Fu (Appointed by China General Plastics Corporation)	0/0	
	Director	Hu, Chi-Hong (Appointed by China General Plastics Corporation)	0/0	
	Supervisor	Huang, Ya-I (Appointed by China General Plastics Corporation)	0/0	
	General Manager	Lin, Han-Fu	0/0	—
Global Green Technology Corporation	Chairman	Tsai, Sheng-Hsiung (appointed by Taiwan VCM Corporation)	0/0	5,000,000/100
	Director	Lin, Han-Fu (appointed by Taiwan VCM Corporation)	0/0	
	Director	Teh, Jun-Zhang (appointed by Taiwan VCM Corporation)	0/0	
	Supervisor	Chen, Yong-Zhi (appointed by Taiwan VCM Corporation)	0/0	
	General Manager	Yeh, Jun-Zhang	0/0	—

Note 1: If the affiliated enterprise is a foreign company, list the personnel holding key positions.

Note 2: If the invested company is a joint stock limited company, please fill in the number of shares and the proportion of shareholding. For other companies, please fill in the amount of capital and the proportion of capital contribution, and give clear indication.

Note 3: If the director or supervisor is a legal person, the related information of the representatives shall be disclosed.



## 6. 2022 business overview of affiliates

Unit: NT\$ thousand

Name of Company	Capital	Total assets	Total liabilities	Net value	Net revenue	Operating profit (loss)	Current period (loss) benefit (after tax)	Earnings (loss) Per Share (NT\$) (after tax)
Taiwan VCM Corporation	2,974,425	7,651,244	2,979,930	4,671,314	12,678,348	(189,110)	21,552	0.07
CGPC America Corporation	615,736	409,213	161,918	247,295	746,007	(46,499)	(47,522)	(475,216.61)
CGPC (BVI) Holding Co.,Ltd.	500,827	333,626	0	333,626	0	(96)	(24,490)	(1.50)
Continental General Plastics (Zhongshan) Co., Ltd.	614,200	249,829	9,601	240,228	0	(47,144)	(26,469)	—
CGPC Consumer Products Corporation	46,065	14,317	0	14,317	0	156	653	—
CGPC Polymer Corporation	1,000,000	2,544,252	1,842,545	701,707	6,215,768	(745,794)	(522,042)	(5.22)
Global Green Technology Corporation	50,000	69,523	16,881	52,642	24,104	3,220	2,642	0.53

Note 1: All related enterprises regardless of size, should be disclosed.

Note 2: The above gains and losses of the Company have eliminated and merged the gains and losses between the companies and the consolidated entities.

## **(II) Consolidated Financial Statements of Affiliated Enterprises**

### **Declaration of Consolidated Financial Statements of Affiliates**

The entities that are required to be included in the combined financial statements of Asia Polymer Corporation as of and for the year ended December 31, 2022, under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements of affiliates is included in the consolidated financial statements of Asia Polymer Corporation and Subsidiaries. Consequently, we do not prepare a separate set of combined financial statements of affiliates.

Very truly yours

Company name: China General Plastics Corporation

Responsible person: Wu, Yi- Gui

March 2, 2023



### **(III)Affiliation Reports**

#### **1. Statement of Affiliation Reports**

##### **Statement of Affiliation Reports**

The Company's affiliation reports for the fiscal year of 2022 (from January 1, 2022 to December 31, 2022) was prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and the disclosed information is not materially inconsistent with the information disclosed in the notes to the financial statements of the above-mentioned period.

Very truly yours

Company name: China General Plastics Corporation

Responsible person: Wu, Yi-Gui

March 2, 2023

## 2. Independent auditor's opinion on affiliation reports

March 30, 2023 Deloitte & Touche Audit Report No. 11202401

Recipient: China General Plastics Corporation

Subject: We express our opinions on the Company's 2022 affiliation report that it does not contain any material inconsistency.

### Explanation:

- (1) The Company's affiliation reports for the fiscal year of 2022 (from January 1, 2022 to December 31, 2022) was prepared on March 10, 2023 in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and the disclosed information is not materially inconsistent with the information disclosed in the notes to the financial statements of the above-mentioned period. The statement is attached to this letter.
- (2) We have audited the affiliation report in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises and compared the report to your Company's financial statements for year 2022. No material inconsistency has been found in the abovementioned statement.

Deloitte & Touche, Taipei, Taiwan, Republic of China

CPA Huang, Hsiu-Chun

CPA Chiu, Cheng-Chun



### 3. The general relationship between the subsidiary company and the control company

Unit: Shares

Name of the Controlling Company (Note 1)	Reason for control	Shares Held by the Holding Company and Status of Pledged Shares			Directors, Supervisors or Managers Appointed by the Holding Company	
		Number of Shares	Percentage of Ownership	The Number of Pledged Shares	Title	Name
Shing Li Enterprises (Hong Kong) Limited	The major shareholder and representative of USI was elected as the Chairman	—	—	—	—	—
USI Corporation (USI)	The parent company of the major shareholder (Union Polymer Int'l Investment Corp.) and the chairman are the same	—	—	—	—	—
Union Polymer Int'l Investment Corp. ("Union Polymer")	Major shareholder with more than half of the director seats	145,079,236	24.97%	0	Chairman	Wu, Yi-Gui
					Vice Chairman	Lin, Han-Fu

Note 1: Where the controlling company of a subsidiary company is a subsidiary company of another company, the other company's related information shall also be filled in. Where the other company is a subsidiary company of another company, the same shall apply.

Note 2: As of December 31, 2022, Union Polymer Int'l Investment Corp. has not pledged shares; as of the book closure date on March 3, 2023, Union Polymer Int'l Investment Corp. has not pledged shares.

### 4. Import and Sales Transaction Situation

Unit: NT\$ thousand

Name of the Controlling Company	Transaction status with control company				Transaction terms with the holding company		General Transaction Terms		Reason for the difference	Accounts Receivable (Payable), Notes Receivable (Payable)		Overdue Accounts Receivable (Payable)			Note
	Purchase (Sales) Products	Amount	Percentage to total purchases (sales)	Sales Margin	Unit Price (NTD)	Payment Terms	Unit Price (NTD)	Payment Terms		balance	Ratio of total accounts receivable (payable) and notes	Amount	Treatment Method	Amount of Allowance for Bad Debts	
USI Corporation	Purchase	2,109	0.03	—	372	60 days	372	60 days	—	(27)	—	—	—	—	—

Note: In case of advance receipt (payment), the reasons, contractual terms, amount and difference from the general transaction shall be stated in the Remarks column.

5. Status of property transactions:

In order to save energy, reduce carbon emission, improve working environment and enhance the quality of our products, we commissioned USI Corporation to apply anti-corrosion and heat-insulation coating on warehouse roofs in 2022.

6. Status of financing: None.

7. Lease of assets

Unit: NT\$ thousand

Name of the Controlling Company	Transaction type (leasing or renting)	Subject		Lease Term	Nature of Leasing	Determination Basis of Leasing Price	Collection (Payment) Method	Comparison With Ordinary Leasing Price Levels	Total rent for this period	Collection/Payment Status in The Current Period	Other Agreed Matters
		Name	Location								
USI Corporation	Lessee	Housing and Parking Lots	Underground Parking and 7F, No.37, JiHu Road, NeiHu District, Taipei City	2022.05 ~ 2023.04	Operating Leases	Market Price	Monthly Payment	Same	2,728	Normal	None
		Housing	Part of 6F-10F, No. 37 and 39, Jihu Road, NeiHu District, Taipei City	2022.01 ~ 2022.12	Operating Leases	Market Price	Monthly Payment	Same	2,167	Normal	None

8. Other significant transactions: None.

9. Endorsements/guarantees: None.

**II. Private Placement of Securities During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.**

**III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.**

**IV. Other Supplementary Information: None.**

**V. Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities Occurring During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.**



**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, 2022 and 2021, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("The Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 of the Group for the year ended December 31, 2022. 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, 2022 are stated as follows:

Authenticity of regional sales revenue recognition for specific products

The Group's consolidated sales revenue in 2022 reduced compared to the same period of last year, but the sales revenue of specific products in certain areas increased significantly compared to the same period of last year, which had a significant impact on the sales revenue and financial results of the Group. Therefore, authenticity of revenue recognition for the sales to those customers is identified as one of the key audit matters.

Please refer to Notes 4 and 22 to the consolidated financial statements for relevant accounting policies and information in relation to revenue recognition.

We have performed the following audit procedures to validate authenticity of revenue recognition:

1. We studied and tested the internal control mechanism to monitor authenticity of revenue recognition, and assessed the effectiveness of its design and implementation. We evaluated the appropriateness of revenue recognition accounting policies adopted by management.
2. We reviewed original orders, shipping documents, and invoice to verify the authenticity of revenue recognition.
3. We inspected the receipt documents and the occurrence of sales returns and allowances subsequent to the balance sheet date, and sent letters to confirm whether there were any irregularities in accounts receivable at year-end.

**Other Matters**

We have also audited the parent company only financial statements of China General Plastics Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

To ensure that the Consolidated Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IFRS, IAS, law and regulation reviews and their announcements recognized and announced by the Financial Supervisory Commission, and for preparing and maintaining necessary internal control procedures pertaining to the consolidated financial statements.

In preparing the consolidated financial statements, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the 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 misstatements, 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 evaluate the risk of material misstatements due to fraud or error in the consolidated financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit 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 controls 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 internal controls of the Group.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of the 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 operate 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. 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 expression, structure and contents of the consolidated financial statements (including relevant Notes), and whether the consolidated financial statements fairly present relevant transactions and items.
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 and for expressing an opinion on the financial statements of the Group.

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 the key audit matters of the Group's the consolidated financial statements for the year ended December 31, 2022. 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

Securities and Futures 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 10, 2023

**Notice to Readers:**

The consolidated 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 and Subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2022 and 2021**

Unit: NT\$ thousands

CODE	ASSETS	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	\$ 1,276,545	8	\$ 1,220,291	7
1110	Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	882,742	5	862,460	5
1136	Financial assets at amortized cost - current (Notes 9 and 29)	343,024	2	269,291	2
1150	Notes receivables (Note 10)	219,522	1	404,709	2
1170	Trade receivables (Notes 10 and 28)	1,202,318	7	1,638,291	10
1200	Other receivables (Notes 10 and 28)	77,351	1	137,681	1
1220	Current tax assets (Note 24)	570	-	-	-
1310	Inventories (Notes 5 and 11)	2,562,490	15	3,102,691	18
1410	Prepayments	189,331	1	251,816	1
1470	Other current assets	1,158	-	1,062	-
11XX	Total current assets	<u>6,755,051</u>	<u>40</u>	<u>7,888,292</u>	<u>46</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Note 8)	71,317	1	87,151	1
1550	Investments accounted for using the equity method (Note 13)	379,522	2	396,902	2
1600	Property, plant and equipment (Notes 14 and 28)	8,447,505	51	7,666,434	45
1755	Right-of-use assets (Notes 15 and 28)	125,418	1	156,057	1
1760	Investment properties (Note 16)	483,501	3	507,848	3
1840	Deferred tax assets (Note 24)	381,748	2	228,381	2
1990	Other non-current assets (Note 29)	39,717	-	44,250	-
15XX	Total non-current assets	<u>9,928,728</u>	<u>60</u>	<u>9,087,023</u>	<u>54</u>
1XXX	Total Assets	<u>\$ 16,683,779</u>	<u>100</u>	<u>\$ 16,975,315</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	Current Liabilities				
2100	Short-term borrowings (Note 17)	\$ 790,000	5	\$ 200,000	1
2110	Short-term notes and bills payable (Note 17)	199,668	1	-	-
2120	Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 7)	9,529	-	-	-
2170	Trade payables (Note 18)	973,959	6	676,836	4
2180	Trade payables to related parties (Notes 18 and 28)	227,795	2	237,498	1
2200	Other payables (Note 19)	727,073	4	1,018,080	6
2220	Other payables to related parties (Note 28)	18,753	-	15,197	-
2230	Current tax liabilities (Note 24)	661	-	687,974	4
2280	Lease liabilities (Notes 15 and 28)	16,268	-	36,404	-
2300	Other current liabilities (Note 22)	144,906	1	120,512	1
21XX	Total current liabilities	<u>3,108,612</u>	<u>19</u>	<u>2,992,501</u>	<u>17</u>
	Non-current liabilities				
2540	Long-term borrowings (Note 17)	2,432,380	15	882,575	5
2570	Deferred tax liabilities (Note 24)	595,996	3	594,632	4
2580	Lease liabilities (Notes 15 and 28)	113,696	1	124,307	1
2640	Net defined benefit liabilities (Note 20)	330,322	2	517,380	3
2670	Other non-current liabilities	61,545	-	28,651	-
25XX	Total non-current liabilities	<u>3,533,939</u>	<u>21</u>	<u>2,147,545</u>	<u>13</u>
2XXX	Total Liabilities	<u>6,642,551</u>	<u>40</u>	<u>5,140,046</u>	<u>30</u>
	Equity attributable to owners of the Company (Note 21)				
3110	Ordinary share	5,810,505	35	5,810,505	34
3200	Capital surplus	14,556	-	12,002	-
	Retained earnings				
3310	Legal reserve	1,117,245	7	870,332	5
3320	Special reserve	408,223	2	408,223	2
3350	Unappropriated retained earnings	2,029,080	12	3,981,643	24
3300	Total retained earnings	<u>3,554,548</u>	<u>21</u>	<u>5,260,198</u>	<u>31</u>
3400	Other equity	67,163	1	80,272	1
31XX	Total equity attributable to owners of the Company	<u>9,446,772</u>	<u>57</u>	<u>11,162,977</u>	<u>66</u>
36XX	Non-controlling Interests	594,456	3	672,292	4
3XXX	Total equity	<u>10,041,228</u>	<u>60</u>	<u>11,835,269</u>	<u>70</u>
	Total Liabilities and Equity	<u>\$ 16,683,779</u>	<u>100</u>	<u>\$ 16,975,315</u>	<u>100</u>

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 Comprehensive Income**  
**For the Years Ended December 31, 2022 and 2021**

Unit: NT\$ thousands, except (Losses) Earnings Per Share

CODE		2022		2021	
		Amount	%	Amount	%
4100	Net revenue (Notes 22 and 28)	\$ 17,637,479	100	\$ 20,221,524	100
5110	Cost of revenue (Notes 11, 23, and 28)	<u>16,959,318</u>	<u>96</u>	<u>15,181,144</u>	<u>75</u>
5900	Gross profit	<u>678,161</u>	<u>4</u>	<u>5,040,380</u>	<u>25</u>
	Operating expenses (Notes 10, 23 and 28)				
6100	Selling and marketing expenses	1,259,086	7	1,353,416	7
6200	General and administrative expenses	331,066	2	291,667	2
6300	Research and development expenses	72,479	1	77,173	-
6450	Expected credit losses	-	-	967	-
6000	Total operating expenses	<u>1,662,631</u>	<u>10</u>	<u>1,723,223</u>	<u>9</u>
6900	Profit (loss) from operations	( <u>984,470</u> )	( <u>6</u> )	<u>3,317,157</u>	<u>16</u>
	Non-operating income and expenses (Notes 23 and 28)				
7100	Interest income	10,127	-	2,235	-
7010	Other income	322,808	2	103,761	1
7020	Other gains and losses	150,954	1	( 132,984 )	( 1 )
7060	Share of profit of associates accounted for using the equity method	10,208	-	22,159	-
7510	Interest expense	( <u>26,810</u> )	-	( <u>5,294</u> )	-
7000	Total non-operating income and expenses	<u>467,287</u>	<u>3</u>	( <u>10,123</u> )	-
7900	Net (loss) profit before tax	( <u>517,183</u> )	( <u>3</u> )	<u>3,307,034</u>	<u>16</u>
7950	Income tax (benefit) expense (Note 24)	( <u>179,466</u> )	( <u>1</u> )	<u>675,616</u>	<u>3</u>
8200	Net Profit (Loss) for the Year	( <u>337,717</u> )	( <u>2</u> )	<u>2,631,418</u>	<u>13</u>
	Other comprehensive income (loss) (Notes 20, 21 and 24)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	134,354	1	1,171	-
8316	Unrealized losses on investments in equity instruments at FVTOCI	( <u>15,834</u> )	-	( <u>42,877</u> )	-
8321	Share of the other comprehensive income (loss) of associates accounted for using the equity method-remeasurement of defined benefit plans	3,011	-	( <u>242</u> )	-
8326	Share of the other comprehensive income (loss) of associates accounted for using the equity method-unrealized gains (losses) on investments in equity instruments at FVTOCI	( <u>31,015</u> )	-	<u>37,095</u>	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	( <u>16,826</u> )	-	( <u>906</u> )	-
8310		<u>73,690</u>	<u>1</u>	( <u>5,759</u> )	-
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	41,526	-	( <u>11,080</u> )	-
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	379	-	( <u>338</u> )	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	( <u>8,305</u> )	-	<u>2,216</u>	-
8360		<u>33,600</u>	-	( <u>9,202</u> )	-
8300	Other comprehensive income (loss) for the year, net of income tax	<u>107,290</u>	<u>1</u>	( <u>14,961</u> )	-
8500	Total comprehensive income (loss) for the year	( \$ <u>230,427</u> )	( <u>1</u> )	\$ <u>2,616,457</u>	<u>13</u>
	Net profit (loss) attributable to:				
8610	Owners of the Company	( \$ <u>370,247</u> )	( <u>2</u> )	\$ <u>2,468,676</u>	<u>12</u>
8620	Non-controlling Interests	<u>32,530</u>	-	<u>162,742</u>	<u>1</u>
8600		( \$ <u>337,717</u> )	( <u>2</u> )	\$ <u>2,631,418</u>	<u>13</u>
	Total comprehensive income (loss) attributable to:				
8710	Owners of the Company	( \$ <u>266,133</u> )	( <u>1</u> )	\$ <u>2,453,884</u>	<u>12</u>
8720	Non-controlling Interests	<u>35,706</u>	-	<u>162,573</u>	<u>1</u>
8700		( \$ <u>230,427</u> )	( <u>1</u> )	\$ <u>2,616,457</u>	<u>13</u>
	Earnings (losses) per share (Note 25)				
9750	Basic	( \$ <u>0.64</u> )		\$ <u>4.25</u>	
9850	Diluted	( \$ <u>0.64</u> )		\$ <u>4.24</u>	

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 Changes in Equity  
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousands

Equity attributable to owners of the Company															
CODE		Ordinary share	Capital surplus			Retained earnings				Exchange differences on translating the financial statements of foreign operations	Other equity		Total	Total	Non-controlling Interests
			Unpaid Dividends	Others	Total	Legal reserve	Special reserve	Unappropriated retained earnings	Total		Unrealized gains (losses) on financial assets at FVTOCI	Total			
A1	Balance as of January 1, 2021	\$ 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
	Appropriation and distribution of earnings for 2020														
B1	Legal reserve	-	-	-	-	165,369	-	( 165,369 )	-	-	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	( 996,086 )	( 996,086 )	-	-	-	( 996,086 )	-	( 996,086 )
B9	Share dividends distributed by the Company	276,691	-	-	-	-	-	( 276,691 )	( 276,691 )	-	-	-	-	-	-
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	( 87,619 )	( 87,619 )
C17	Other changes in capital surplus	-	1,412	-	1,412	-	-	-	-	-	-	-	1,412	-	1,412
M5	Acquisition of part of the equity of subsidiaries	-	-	252	252	-	-	-	-	-	-	-	252	( 2,905 )	( 2,653 )
D1	Net profit in 2021	-	-	-	-	-	-	2,468,676	2,468,676	-	-	-	2,468,676	162,742	2,631,418
D3	Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	-	-	451	451	( 9,202 )	( 6,041 )	( 15,243 )	( 14,792 )	( 169 )	( 14,961 )
D5	Total comprehensive income (loss) in 2021	-	-	-	-	-	-	2,469,127	2,469,127	( 9,202 )	( 6,041 )	( 15,243 )	2,453,884	162,573	2,616,457
Z1	Balance as of December 31, 2021	5,810,505	11,436	566	12,002	870,332	408,223	3,981,643	5,260,198	( 52,461 )	132,733	80,272	11,162,977	672,292	11,835,269
	Appropriation and distribution of earnings for 2021														
B1	Legal reserve	-	-	-	-	246,913	-	( 246,913 )	-	-	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	( 1,452,626 )	( 1,452,626 )	-	-	-	( 1,452,626 )	-	( 1,452,626 )
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	( 113,555 )	( 113,555 )
C17	Other changes in capital surplus	-	2,436	118	2,554	-	-	-	-	-	-	-	2,554	13	2,567
D1	Net Profit (Loss) in 2022	-	-	-	-	-	-	( 370,247 )	( 370,247 )	-	-	-	( 370,247 )	32,530	( 337,717 )
D3	Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	-	-	117,223	117,223	33,600	( 46,709 )	( 13,109 )	104,114	3,176	107,290
D5	Total comprehensive income (loss) in 2022	-	-	-	-	-	-	( 253,024 )	( 253,024 )	33,600	( 46,709 )	( 13,109 )	( 266,133 )	35,706	( 230,427 )
Z1	Balance as of December 31, 2022	<u>\$ 5,810,505</u>	<u>\$ 13,872</u>	<u>\$ 684</u>	<u>\$ 14,556</u>	<u>\$ 1,117,245</u>	<u>\$ 408,223</u>	<u>\$ 2,029,080</u>	<u>\$ 3,554,548</u>	<u>( \$ 18,861 )</u>	<u>\$ 86,024</u>	<u>\$ 67,163</u>	<u>\$ 9,446,772</u>	<u>\$ 594,456</u>	<u>\$ 10,041,228</u>

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, 2022 and 2021**

Unit: NT\$ thousands

CODE		2022	2021
	Cash flows from operating activities		
A10000	Net (loss) profit before tax	( \$ 517,183 )	\$ 3,307,034
A20010	Adjustments for:		
A20100	Depreciation expenses	697,370	681,269
A20200	Amortization expense	18,084	23,761
A20300	Expected credit losses	-	967
A20400	Net gain on fair value change on financial instruments at FVTPL	( 60,404 )	( 19,628 )
A20900	Interest expense	26,810	5,294
A21200	Interest income	( 10,127 )	( 2,235 )
A21300	Dividend income	( 8,593 )	( 34,369 )
A22300	Share of profit of associates accounted for using the equity method	( 10,208 )	( 22,159 )
A22500	(Gain) loss on disposal of property, plant and equipment	( 1,135 )	70,193
A23700	Provision for write-downs of inventories and obsolescence losses	142,081	22,917
A30000	Net changes in operating assets and liabilities		
A31115	Financial Instruments at FVTPL	49,651	677,273
A31130	Notes receivable	185,187	( 203,932 )
A31150	Trade receivables (including related parties)	447,133	60,503
A31180	Other receivables (including related parties)	61,213	( 8,965 )
A31200	Inventories	426,400	( 1,924,507 )
A31230	Prepayments	62,485	( 156,391 )
A31240	Other current assets	( 96 )	514
A32150	Trade payables (including related parties)	287,038	20,669
A32180	Other payables (including related parties)	( 256,971 )	95,848
A32230	Other current liabilities	24,394	25,293
A32240	Net defined benefit liabilities	( 52,704 )	( 54,430 )
A33000	Cash generated from operations	1,510,425	2,564,919
A33100	Interest received	9,252	2,328
A33300	Interest paid	( 17,748 )	( 4,275 )
A33500	Income tax paid	( 685,551 )	( 356,551 )
AAAA	Net cash generated from operating activities	<u>816,378</u>	<u>2,206,421</u>
	Cash flows from investing activities		
B00030	Return of capital from financial assets at FVTOCI	-	10,449

(Continued)



## Financial Summary



CODE		2022	2021
B00040	Acquisition of financial assets at amortized cost	( \$ 835,271 )	( \$ 662,805 )
B00050	Proceeds from disposal of financial assets at amortized cost	761,538	662,738
B02000	Increase in prepayments for investments	-	( 50,000 )
B02700	Payments for property, plant and equipment	( 1,456,910 )	( 1,681,675 )
B02800	Proceeds from disposal of property, plant and equipment	8,468	20,288
B03700	Increase in refundable deposits	( 43,731 )	( 59,949 )
B03800	Decrease in refundable deposits	47,538	55,796
B04500	Acquisition of intangible assets	( 192 )	-
B05400	Acquisition of investment properties	( 1,500 )	( 3,298 )
B06700	Increase in other non-current assets	( 17,148 )	( 23,356 )
B07600	Dividends received	8,593	34,369
BBBB	Net cash used in investing activities	( <u>1,528,615</u> )	( <u>1,697,443</u> )
Cash flows from financing activities			
C00100	Increase in short-term borrowings	590,000	200,000
C00500	Increase in short-term notes and bills payable	200,000	-
C01600	Proceeds from long-term borrowings	3,131,800	1,350,200
C01700	Repayments of long-term borrowings	( 1,570,000 )	( 500,000 )
C03000	Increase in guarantee deposits received	14,347	8,230
C03100	Decrease in guarantee deposits received	( 1,225 )	( 2,800 )
C04020	Repayments of the principal portion of lease liabilities	( 35,614 )	( 34,658 )
C04300	Increase (decrease) in other non-current liabilities	( 6 )	46
C04500	Dividends paid	( 1,449,418 )	( 995,375 )
C05400	Acquisition of ownership interests in subsidiaries	-	( 2,653 )
C05800	Cash dividends paid on non-controlling interests	( <u>113,461</u> )	( <u>87,619</u> )
CCCC	Net cash generated from (used in) financing activities	<u>766,423</u>	( <u>64,629</u> )
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>2,068</u>	( <u>1,159</u> )
EEEE	Net increase in cash and cash equivalents	56,254	443,190
E00100	Cash and cash equivalents at the beginning of the year	<u>1,220,291</u>	<u>777,101</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 1,276,545</u>	<u>\$ 1,220,291</u> ( Concluded )

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

### Notice to Readers:

The consolidated 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.

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### China General Plastics Corporation and Subsidiaries

#### Notes to Consolidated Financial Statements

#### For the Years Ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

### 1. Company History

China General Plastics Corporation ("the Company") was incorporated and began operations on April 29, 1964. The Company mainly engages in the production and sale of PVC films, PVC leather, PVC pipes, PVC compounds, PVC resins, construction products, chlor-alkali products and other related products.

The Company's ordinary shares have been listed on the Taiwan Stock Exchange since March 1973.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as "the Group") are presented in the Company's functional currency, the New Taiwan dollar (NT\$).

### 2. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements have been approved by the Board of Directors on March 2, 2023.

### 3. Application of New, Amended, and Revised Standards and Interpretations

(1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies.

(2) IFRSs endorsed by the FSC that are applicable in 2023

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Income Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments shall be applied for the annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning



on or after January 1, 2023.

Note 3: Except for the recognition of deferred tax on temporary differences between lease and decommissioning obligations on January 1, 2022, the amendments are applicable to transactions that occur after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is assessing the above standards and interpretations, and the modifications to the above standards and interpretations may have no significant impact on the financial position and financial performance.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC	
New/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	Yet to be decided
Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Contract Terms"	January 1, 2024

Note 1: Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

Note 2: The seller, who is also the lessee, should retrospectively apply the amendments to IFRS 16 for a sale and leaseback transaction entered into after the date of the initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group's consolidated financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. Summary of Significant Accounting Policies

##### (1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurement is classified into three levels based on the observability and importance of related inputs:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

(3) Standards for assets and liabilities classified as current and non-current

Current assets include:

- 1) Assets held primarily for trading purposes;
- 2) Assets expected to be realized within 12 months after the balance sheet date; and
- 3) Cash and cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

- 1) Liabilities held primarily for trading purposes;
- 2) Liabilities with settlement within 12 months after the balance sheet date; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

All other assets or liabilities that are not specified above are classified as non-current.

(4) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. The total comprehensive income of subsidiaries is attributed to the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.



Please see Note 12 and Tables 8 and 9 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

(5) Foreign Currencies

In the preparation of financial statements, transactions denominated in a currency other than the Group's functional currency (i.e., foreign currency) are translated into the Group's functional currency by using the exchange rate at the date of the transaction.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences arising from settlement or translation of monetary items are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss. For items whose changes in fair value are recognized in other comprehensive income, the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not re-translated.

In the preparation of the consolidated financial statements, the assets and liabilities of foreign operations (including subsidiaries and associates that operate in a country or currency different from the Company) are translated into the New Taiwan dollar at the closing rate of exchange prevailing on the balance sheet date. Income and expenses are translated at the average rate of the year. The exchange differences arising are recognized in other comprehensive income and are attributable to owners of the Company and non-controlling interests respectively.

(6) Inventories

Inventories comprise raw materials, finished goods and work in process. Inventories are measured at the lower of cost and net realizable value. The comparison between costs and net realizable values is based on individual items except for the same type of inventory. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated cost necessary to make the sale. Inventory costs are calculated using the weighted average method.

(7) Investments in associates

An associate is an entity over which the Group has significant influence other than a subsidiary.

The Group accounts for investments in associates using the equity method.

Under the equity method, the investment is initially recognized at cost. The carrying amount of investment is adjusted thereafter for the post-acquisition changes in the Group's share of profit or loss and other comprehensive income and profit distribution of the associates. In addition, equity changes in associates are recognized based on the shareholding ratio.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (including any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group

has incurred legal obligations, or constructive obligations, or made payment on behalf of that associate.

To assess impairment, the Group has to consider the overall carrying amount of the investment as a single asset to compare the recoverable and carrying amounts. The impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of investment.

The Group shall cease the use of equity method from the date when its investment is no longer an associate. Its retained interest in the associate is measured at fair value, and the difference between the fair value and the carrying amount of the investment and the carrying amount of the investment at the date of acquisition of the equity method is included in profit or loss for the current period. In addition, the Group shall account for all the amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the an associate had directly disposed of the related assets or liabilities.

Profits and losses in upstream, downstream and side-stream transactions between the Group and associates are recognized in the consolidated financial statements only to the extent that the profits and losses are irrelevant to the Group's interests in the associates.

#### (8) Property, Plant and Equipment

Property, plant, and equipment shall be recognized at cost and subsequently at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are recognized at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except freehold land, each significant part of property, plant, and equipment is separately depreciated over its useful life on a straight-line basis. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When property, plant, and equipment is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

#### (9) Investment Properties

Investment properties are real estate held for rent or capital appreciation or both.

Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

The investment properties are depreciated on a straight-line basis.

When investment properties are derecognized, the difference between the net disposal proceeds and the carrying amount of the property shall be recognized in profit or loss of the current year.



(10) Impairment of property, plant, equipment, right-of-use assets and investment property

At the end of each reporting date, the Group reviews the carrying amounts of its property, plant, and equipment as well as right-of-use assets and investment property to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If it is not possible to determine the recoverable amount for an individual asset, the Group shall estimate the recoverable amount of the asset's cash-generating unit. Shared assets are allocated to individual cash-generating units when they can be allocated to the cash-generating units on a reasonable and consistent basis. Otherwise, they can be allocated to the smallest group of cash-generating units on a reasonable and consistent basis.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash-generating unit is lower than its carrying amount, the carrying amount of the asset or the cash-generating unit shall be reduced to the recoverable amount and the impairment loss shall be recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or the related asset of the cash-generating unit will be reduced to the extent of recoverable amount prior to revision, provided the increased carrying amount does not exceed the carrying amount (minus amortization or depreciation) of the asset or of the related asset of the cash-generating unit not declared as impairment loss in the previous years. A reversal of an impairment loss is recognized in profit or loss.

(11) Financial Instruments

Financial assets and financial liabilities shall be recognized in the consolidated balance sheets when the Group becomes a party of the financial instrument contract.

When showing the original financial assets and liabilities, if their fair value was not assessed based on profit or loss, it is the fair value plus the cost of transaction, that is, of its acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

I) Types of measurement

The types of financial assets held by the Group are financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

A. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets that are mandatorily measured at FVTPL include investments in equity instruments that are not designated to be measured at FVTOCI and investments in debt instruments that do not qualify for classification as measured at amortized cost or measured at FVTOCI.

Financial assets at FVTPL are measured at fair value. Any gain or loss of remeasurements (excluding any stock dividends or interests from the said assets) are recognized in profit or loss. Fair value is determined in the manner described in Note 27.

**B. Financial assets at amortized cost**

When the Group's investments in financial assets match the following two conditions simultaneously, they are classified as financial assets at amortized cost:

- a. Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flows; and
- b. The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

After initial recognition, financial assets measured at amortized (including cash and cash equivalents, notes receivable, trade receivable, other receivables, pledged time deposits, and refundable deposits) are measured at amortized cost using the effective interest method, less any impairment loss, and any foreign currency exchange gain or loss is recognized in profit or loss.

Except for the following two circumstances, interest income is calculated at the value of effective interest rate times the gross carrying amount of financial assets:

- a. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
- b. Financial assets that are not credit impairment from purchases or at the time of founding but subsequently become credit impairments shall be calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

A credit-impaired financial asset refers to the situation where the issuer or debtor has experienced significant financial difficulties or defaults and therefore the debtor is likely to file for bankruptcy or declare financial restructuring, or the disappearance of an active market for that financial asset due to financial difficulties has occurred.

Cash equivalents include time deposits with high liquidity and relatively low price changes convertible to cash any time. They are used for meeting short-term cash commitments.

**C. Investments in Equity Instruments at FVTOCI**

The Group may, at initial recognition, make an irrevocable decision to designate an equity instrument that is neither held for trading nor contingent consideration arising from a business combination to be measured at fair value through other comprehensive income.

Investments in equity instruments at fair value through other comprehensive income are measured at fair value, and any subsequent





fair value changes are recognized in other comprehensive income and accumulated in other equity. When the investment is disposed of, the cumulative profit or loss is directly transferred to retained earnings and not reclassified to profit or loss.

Dividends of investments in equity instruments at fair value through other comprehensive income are recognized in profit or loss when the Group's right to receive payment is confirmed unless such dividends clearly represent the recovery of a part of the investment cost.

## II) Impairment of financial assets

The impairment loss of financial assets at amortized cost (including trade receivables) is measured by the Group on the balance sheet date based on the expected credit losses.

Allowances shall be appropriated for accounts receivable for expected credit losses for the duration of their existence. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit losses represent the expected credit losses arising from the possible default of the financial instrument in the 12 months after the balance sheet date, and the expected credit losses during the lifetime represent the expected credit losses arising from all possible defaults of the financial instrument during the expected existence period.

For the purpose of internal credit risk management, under the premise that the collateral held is not under consideration, the Group determines that the financial assets have breached the contract by the following circumstances:

- A. Internal or external information indicates that the debtor is unlikely to pay its creditors.
- B. The underlying debt is overdue for a specified number of days, unless there is reasonable and supportable information indicating that a delayed basis of default is more appropriate.

The impairment loss of all financial assets is reduced based on the allowance account.

## III) Derecognition of financial assets

The Group derecognizes the financial assets when the contractual rights to the cash flow from the said financial assets expire or when the Group transfers almost all the risks and rewards of ownership of the financial assets to other enterprises.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss. Through the full derecognition of the investments in equity instruments at fair value through other comprehensive income, the cumulative profit or loss is directly transferred to retained earnings and not reclassified to profit or loss.

2) Instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received after deducting direct issue costs.

3) Financial liabilities

I) Subsequent measurement

Except for the following circumstances, financial liabilities are assessed at amortized cost using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are held for trading.

Financial liabilities held for trading are measured at fair value, and their gains or losses arising from remeasurement are recognized in other gains and losses. Fair value is determined in the manner described in Note 27.

II) Derecognition of financial liabilities

When financial liabilities are derecognized, the difference between their carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) shall be recognized in profit or loss.

4) Derivative financial assets

Derivative instruments entered into by the Group are forward foreign exchange contracts, which are used to manage the Group's exchange rate risk.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss. When the fair value of derivative financial instrument is positive, the derivative is recognized as a financial asset. When the fair value of derivative financial instrument is negative, the derivative is recognized as a financial liability.

(12) Revenue recognition

After the Group identifies its performance obligations in contracts with customers, it shall amortize the transaction costs to each obligation in the contract and recognize revenue upon satisfaction of performance obligations. Refund liabilities are provided based on past experience and other relevant factors to reasonably estimate the amount of future returns.

Sales revenue of commodities

Sales revenue of commodities comes from the sale of VCM, chlor-alkali products, PVC resins, PVC compounds and other related products. When commodities are delivered to the customers, the customers have already obtained the rights to establish the price and usage of the commodities and are primarily liable for the resale of the commodities. The customers shall undertake the related obsolescence risk and the Group will recognize revenue and accounts receivable at that time.



### (13) Leases

The Group assesses whether the contract is (or includes) a lease on the date of its establishment.

1. Where the Group is a lessor:

Under operating leases, revenue is recognized on a straight-line basis over the relevant lease term.

2. Where the Group is a lessee:

Except that the lease payments of the low value subject-matter assets and short-term leases applicable to recognition exemption are recognized as expenses on a straight-line basis during the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease commencement date minus the lease incentive received, the original direct cost and the estimated cost of the recovery target asset), and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss and adjusted for the remeasurement of the lease liability. The right-of-use assets are separately expressed in the consolidated balance sheets.

The right-of-use assets shall be depreciated on a straight-line basis from lease commencement date to the end of the useful life or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments (including fixed payments). If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used.

Subsequently, the lease liability is measured on the basis of amortized cost using the effective interest method, and the interest expense is apportioned during the lease period. Lease liabilities are presented separately in the consolidated balance sheets.

### (14) Borrowings costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

### (15) Government subsidies

Government subsidies are recognized only when there is reasonable assurance that the Group will comply with the conditions associated with the subsidies and that the subsidies will be received.

Government subsidies whose condition is that the Group should purchase, construct or otherwise acquire the assets are recognized as deferred income, which should be transferred to profit or loss over the useful lives of the related assets on a reasonable and systematic basis.

For government loan with lower than market interest rates obtained by the Group, the difference between the loan amount received and the fair value of the loan based on the prevailing market interest rate is recognized as a government subsidy.

(16) Employee benefits

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

The costs of defined benefits under the defined benefit pension plan (including service cost, net interest, and the remeasurement) are calculated based on the projected unit credit method. The cost of services (including the cost of services of the current period) and the net interest of the net defined benefit liabilities (assets) are recognized as employee benefit expenses. The remeasurement amount (including actuarial gains and losses and the return on plan assets after deducting interest) is recognized in other comprehensive income and presented in retained earnings when it occurs. It shall not be reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) are the deficit (surplus) of the contribution made according to the defined benefit pension plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(17) Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

1. Current tax

The Group determines the income (loss) of the current year in accordance with the laws and regulations in each income tax declaration jurisdiction, and calculates the income tax payable (recoverable) accordingly.

A tax is levied on the unappropriated earnings pursuant to the Income Tax Act of the Republic of China and is recorded as an income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

Adjustments to prior year income taxes are shown in the taxes of the current year.

2. Deferred tax

Deferred tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized when there are likely taxable income for the deducting temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary



difference will not reverse in the foreseeable future. For deductible temporary differences associated with such investment, when it is probable that sufficient taxable income will be available to realize such temporary difference, a deferred income tax asset is recognized, but only to the extent of the amount that is expected to be reversed in the foreseeable future.

The carrying amount of the deferred tax assets is re-examined at the end of each reporting period and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 3. Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss except for those related to items recognized in other comprehensive income or equity that shall be recognized in other comprehensive income or equity, respectively.

## 5. **Critical Accounting Judgments and Key Sources of Estimation and Uncertainty**

When the Group adopts accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis by the management of the Group. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

### Key Sources of Estimation and Uncertainty

#### (1) Impairment of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated cost necessary to make the sale. The estimate is based on current market conditions and historical sales experience of the similar products, and any changes in market conditions may materially affect the results of the estimate.

#### (2) Income Tax

As of December 31, 2022 and 2021, the carrying amounts of deferred tax assets in relation to unused tax losses were \$381,748 thousand and \$228,381 thousand, respectively. Due to the unpredictability of future profit streams, as of December 31, 2022 and 2021, there were still loss carryforwards and deductible temporary differences of \$210,775 thousand and \$345,171 thousand respectively, which were not recognized as deferred tax assets. The realizability of deferred tax assets depends primarily on the availability of sufficient future profits or taxable temporary differences. If the actual

profits generated in the future are less than expected, there may be a significant reversal of deferred tax assets, and these reversals are recognized as profit or loss in the period in which they occur.

(3) Associate's estimated of damage compensation for gas explosion incident

The associate, China General Terminal & Distribution Corporation, has recognized the liability provision for civil damages compensation arising from the gas explosion incident. The management has considered the progress of the relevant civil and criminal litigation and settlement with reference to legal advice to estimate the amount of the liability provision. However, actual results may differ from current estimates.

**6. Cash and Cash Equivalents**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and petty cash	\$ 434	\$ 416
Checking accounts and demand deposits	399,998	629,408
Cash equivalents		
Reverse repurchase agreements		
collateralized by bonds	505,750	89,982
Time deposits	<u>370,363</u>	<u>500,485</u>
	<u>\$ 1,276,545</u>	<u>\$ 1,220,291</u>

The market rate intervals of time deposits in banks and reverse repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Time deposits	4.02%-4.70%	0.07%-0.77%
Reverse repurchase agreements		
collateralized by bonds	1.10%-1.15%	0.37%

**7. Financial Instruments at FVTPL**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets mandatorily classified as at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
— Foreign exchange forward contracts	\$ 40	\$ 4,079
Non-derivative financial assets		
— Mutual Funds	809,600	747,243
— Beneficiary securities	54,186	52,541
— Domestic listed equity investments	18,916	58,597
— Overseas unlisted equity investments	<u>-</u>	<u>-</u>
	<u>\$ 882,742</u>	<u>\$ 862,460</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
— Foreign exchange forward contracts	<u>\$ 9,529</u>	<u>\$ -</u>



At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)		
<u>December 31, 2022</u>					
Buy	NTD/USD	2023.01.03-2023.02.23	NTD	672,391 /USD	21,620
<u>December 31, 2021</u>					
Buy	NTD/USD	2022.03.07	NTD	128,458 /USD	4,640
Sell	USD/NTD	2022.01.03-2022.03.30	USD	31,290 /NTD	870,183

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. These contracts did not meet the criteria for hedge accounting. Therefore, the Group did not apply a hedge accounting treatment for these contracts.

## 8. Financial Assets at FVTOCI - Non-current

### Investments in equity instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Domestic equity investments		
Listed ordinary shares		
Asia Polymer Corporation	\$ 3,673	\$ 4,774
Unlisted ordinary share		
KHL IB Venture Capital Co., Ltd.	<u>67,644</u>	<u>82,377</u>
	<u>\$ 71,317</u>	<u>\$ 87,151</u>

In order to adjust its capital structure, in August 2021 and January 2021, the shareholders' meeting of KHL IB Venture Capital Co., Ltd. resolved to respectively reduce its ordinary shares by 50 shares and 130 shares per 1,000 shares, representing a refund of \$500 and \$1,300. In 2021, the Group received a capital refund of \$10,449 thousand.

The Group invested in equity instruments for medium to long-term strategic purposes and expects to make a profit via long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as it believes that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

## 9. Financial Assets at Amortized Cost - Current

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Domestic equity investments		
Pledged time deposits	<u>\$343,024</u>	<u>\$269,291</u>

As of December 31, 2022 and 2021, the interest rates for pledged time deposits ranged from 0.190%~1.405%, and 0.040%~0.765%, respectively.

Refer to Note 29 for information related to financial assets at amortized cost pledged as security.

**10. Notes Receivable, Trade Receivables and Other Receivables**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes receivable</u>		
Notes receivable - operating	<u>\$ 219,522</u>	<u>\$ 404,709</u>
<u>Trade receivables (including related parties)(Note 28)</u>		
At amortized cost		
Gross carrying amount	\$ 1,215,387	\$ 1,651,208
Less: Allowance for impairment loss	( <u>13,069</u> )	( <u>12,917</u> )
	<u>\$ 1,202,318</u>	<u>\$ 1,638,291</u>
<u>Other receivables (including related parties) (Notes 28)</u>		
Tax refunds receivables	\$ 71,638	\$ 126,882
Others	<u>5,713</u>	<u>10,799</u>
	<u>\$ 77,351</u>	<u>\$ 137,681</u>

Notes/Trade Receivables

The Group's credit period for the sale of goods ranges from 10 days to 60 days. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting a new customer, the Group surveys the customers' credit history and measures the potential customer's credit quality to set a credit limit. A customer's credit limit and rating are reviewed annually. In addition, the Group reviews the recoverable amount of trade debt at the end of the reporting period to ensure that adequate allowance of impairment loss is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for receivables at an amount equal to lifetime ECLs. The expected credit losses on receivables are estimated using an allowance matrix by referencing to past default experience with the respective debtors and an analysis of the debtors' current financial positions, adjusted for general economic conditions of the industry and an assessment of economic conditions at the reporting date.

The Group writes off a receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery. For receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the due receivables. Where recoveries are made, they are recognized in profit or loss.

The following table details the loss allowance of notes and trade receivables based on the Group's allowance matrix:



## Financial Summary



### December 31, 2022

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	\$ 231,529	\$ 383,626	\$ 219,477	\$ 600,277	\$1,434,909
Loss allowance (lifetime ECLs)	-	( 4,374)	( 4,806)	( 3,889)	( 13,069)
Amortized cost	<u>\$ 231,529</u>	<u>\$ 379,252</u>	<u>\$ 214,671</u>	<u>\$ 596,388</u>	<u>\$1,421,840</u>

### December 31, 2021

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	\$ 364,648	\$ 695,681	\$ 220,017	\$ 775,571	\$2,055,917
Loss allowance (lifetime ECLs)	-	( 6,728)	( 4,972)	( 1,217)	( 12,917)
Amortized cost	<u>\$ 364,648</u>	<u>\$ 688,953</u>	<u>\$ 215,045</u>	<u>\$ 774,354</u>	<u>\$2,043,000</u>

The aging of notes receivable and trade receivables was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not past due	\$ 1,328,087	\$ 1,827,949
Less than and including 60 days	102,053	206,426
Over 61 days	<u>4,769</u>	<u>21,542</u>
	<u>\$ 1,434,909</u>	<u>\$ 2,055,917</u>

The above aging schedule was based on the number of days past due from the end of the credit term.

The movements of the loss allowance of notes receivable and trade receivables were as follows:

	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 12,917	\$ 13,458
Add: Allowance of impairment loss	-	967
Less: Amounts written off	( 88)	( 1,435)
Foreign exchange gains and losses	<u>240</u>	<u>( 73)</u>
Balance at December 31	<u>\$ 13,069</u>	<u>\$ 12,917</u>

## 11. Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Finished goods	\$ 1,744,503	\$ 2,384,405
Work in progress	63,280	43,483
Raw materials	<u>754,707</u>	<u>674,803</u>
	<u>\$ 2,562,490</u>	<u>\$ 3,102,691</u>

For the years ended December 31, 2022 and 2021, the costs of goods sold for inventories amounted to \$16,959,318 thousand and \$15,181,144 thousand, respectively. For the years ended December 31, 2022 and 2021, the costs of goods sold included provisions of allowance for write-downs of inventories and obsolescence losses amounted to \$142,081 thousand and \$22,917 thousand, respectively.

## 12. Subsidiary

Subsidiaries included in the consolidated financial statements, and the subject of the consolidated financial statements is as follows:

Investor Company	Subsidiary	Nature of Activities	Proportion of Ownership (%)		Note
			December 31, 2022	December 31, 2021	
The Company	CGPC Polymer Corporation ("CGPCPOL")	Manufacturing and marketing of PVC resins	100.00%	100.00%	Subsidiary (Note 1)
The Company	Taiwan VCM Corporation ("TVCM")	Manufacturing and marketing of VCM	87.27%	87.27%	Subsidiary (Note 2)
The Company	CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	Reinvestment	100.00%	100.00%	Subsidiary
The Company	CGPC America Corporation ("CGPC-America")	Marketing of PVC film and leather products	100.00%	100.00%	Subsidiary
TVCM	Global Green Technology Corporation ("GGTC")	Environmental testing services	100.00%	-	Subsidiary of TVCM (Note 3)
CGPC (BVI)	Continental General Plastics (Zhong Shan) Co., Ltd. ("CGPC (ZS)")	Manufacturing and marketing of PVC film and consumer products	100.00%	100.00%	Subsidiary of CGPC (BVI) (Note 4)
CGPC (BVI)	CGPC Consumer Products Corporation ("CGPC (CP)")	Manufacturing and marketing of PVC consumer products	100.00%	100.00%	Subsidiary of CGPC (BVI) (Note 4)

Note 1: On May 16, 2022, the shareholders' meeting executed by the board of directors of CGPCPOL by proxy resolved to re-capitalize earnings of \$200,000 thousand to issue 20,000 thousand new shares, with a record date set on July 1, 2022.

Note 2: Based on the medium- and- long-term investment strategy, the Company acquired 157 thousand shares of TVCM from external shareholders from March to September 2021, with \$2,653 thousand, increasing its shareholding ratio in TVCM from 87.22% to 87.27%. On May 12, 2021, the shareholders' meeting of TVCM resolved to re-capitalize earnings of \$220,328 thousand to issue 22,033 thousand new shares, with a record date set on July 2, 2021.

Note 3: TVCM's bidding for future pollution remediation, testing and other related businesses and public works/public agency projects are specially handed over to independent companies for handling. TVCM invested and established GGTC as a single legal person shareholder with the investment price of \$50,000 thousand to obtain 100% equity. This case was approved and registered by the competent authority on February 11, 2022 with a registered capital of \$168,880 thousand.

Note 4: The board of directors of the Company passed a resolution in October 2011 to dissolve CGPC (ZS) and CGPC (CP). The Company has considered that its discontinued operations was resumed its operating substance, and, therefore, the Company reclassified the discontinued operations as continuing operations since 2021 after an assessment.

The subsidiaries included in the consolidated financial statements are recognized according to the audited financial statements of each subsidiary for the same years.



### 13. Investment Accounted for Equity Method

#### Investments in associates that are not individually material

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Listed companies		
Acme Electronics Corporation ("ACME")	\$ 23,911	\$ 23,171
Unlisted companies		
China General Terminal & Distribution Corporation ("CGTD")	<u>355,611</u> <u>\$379,522</u>	<u>373,731</u> <u>\$396,902</u>

#### Aggregate information of associates that are not individually material

	<u>2022</u>	<u>2021</u>
The Group's share of:		
Profit for the year	\$ 10,208	\$ 22,159
Other comprehensive income (loss)	( <u>27,625</u> )	<u>36,515</u>
Total comprehensive income (loss)	( <u>\$ 17,417</u> )	<u>\$ 58,674</u>

At the end of the reporting periods, the percentage of ownership and voting rights held by the Group in the associates were as follows:

<u>Company name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
ACME	1.74%	1.74%
CGTD	33.33%	33.33%

Refer to Table 8 "Information on Reinvestment" for the nature of activities, principal places of business and countries of incorporation of the associates.

The Group in conjunction with its affiliates jointly held more than 20% of each of the shareholdings of ACME and had significant influence over each entity. Therefore, the Group adopted the equity method to evaluate the above investments.

Fair values (Level 1) of investments in associates with open market quotations are summarized as follows:

<u>Company name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
ACME	<u>\$ 76,066</u>	<u>\$169,917</u>

The Group's investments accounted for using the equity method and its share of profit or loss and other comprehensive income or loss as of and for the years ended December 31, 2022 were based on the associates' financial statements which have been audited for the same years.

## 14. Property, Plant and Equipment

	Freehold Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress and Machinery in Transit	Total
<u>Cost</u>							
Balance as of January 1, 2022	\$ 2,090,707	\$ 1,782,011	\$ 10,676,713	\$ 69,670	\$ 396,761	\$ 2,592,135	\$ 17,607,997
Additions	-	-	37	-	137	1,421,368	1,421,542
Disposal	-	( 1,881)	( 304,008)	( 4,029)	( 7,589)	-	( 317,507)
Reclassification	-	34,012	659,684	6,214	42,208	( 742,118)	-
Effect of foreign currency exchange differences	-	43	966	179	510	7	1,705
Balance as of December 31, 2022	<u>\$ 2,090,707</u>	<u>\$ 1,814,185</u>	<u>\$ 11,033,392</u>	<u>\$ 72,034</u>	<u>\$ 432,027</u>	<u>\$ 3,271,392</u>	<u>\$ 18,713,737</u>
<u>Accumulated depreciation and impairment</u>							
Balance as of January 1, 2022	\$ -	\$ 1,059,353	\$ 8,515,016	\$ 52,591	\$ 314,183	\$ 420	\$ 9,941,563
Depreciation expenses	-	69,114	530,873	6,859	26,580	-	633,426
Disposal	-	( 1,881)	( 297,792)	( 4,029)	( 6,472)	-	( 310,174)
Effect of foreign currency exchange differences	-	43	840	130	397	7	1,417
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 1,126,629</u>	<u>\$ 8,748,937</u>	<u>\$ 55,551</u>	<u>\$ 334,688</u>	<u>\$ 427</u>	<u>\$ 10,266,232</u>
Net amount as of December 31, 2022	<u>\$ 2,090,707</u>	<u>\$ 687,556</u>	<u>\$ 2,284,455</u>	<u>\$ 16,483</u>	<u>\$ 97,339</u>	<u>\$ 3,270,965</u>	<u>\$ 8,447,505</u>
<u>Cost</u>							
Balance as of January 1, 2021	\$ 2,090,707	\$ 1,731,563	\$ 10,492,526	\$ 68,699	\$ 399,588	\$ 1,346,787	\$ 16,129,870
Additions	-	-	271	-	469	1,803,407	1,804,147
Disposal	-	( 1,014)	( 305,577)	-	( 11,567)	( 7,396)	( 325,554)
Reclassification	-	51,468	489,772	1,020	8,399	( 550,659)	-
Effect of foreign currency exchange differences	-	( 6)	( 279)	( 49)	( 128)	( 4)	( 466)
Balance as of December 31, 2021	<u>\$ 2,090,707</u>	<u>\$ 1,782,011</u>	<u>\$ 10,676,713</u>	<u>\$ 69,670</u>	<u>\$ 396,761</u>	<u>\$ 2,592,135</u>	<u>\$ 17,607,997</u>
<u>Accumulated depreciation and impairment</u>							
Balance as of January 1, 2021	\$ -	\$ 994,562	\$ 8,213,075	\$ 45,866	\$ 298,312	\$ 7,818	\$ 9,559,633
Depreciation expenses	-	65,812	517,301	6,754	27,514	-	617,381
Disposal	-	( 1,014)	( 215,113)	-	( 11,550)	( 7,396)	( 235,073)
Effect of foreign currency exchange differences	-	( 7)	( 247)	( 29)	( 93)	( 2)	( 378)
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 1,059,353</u>	<u>\$ 8,515,016</u>	<u>\$ 52,591</u>	<u>\$ 314,183</u>	<u>\$ 420</u>	<u>\$ 9,941,563</u>
Net amount as of December 31, 2021	<u>\$ 2,090,707</u>	<u>\$ 722,658</u>	<u>\$ 2,161,697</u>	<u>\$ 17,079</u>	<u>\$ 82,578</u>	<u>\$ 2,591,715</u>	<u>\$ 7,666,434</u>

The additions to the construction in progress and machinery to be inspected during the current period were mainly due to the civil engineering works of the Company's plant and warehouse and terminal facilities and the back-line land works of the petrochemical oil storage and transportation center of the subsidiary, TVCM, for phase II of the Port of Kaohsiung Intercontinental Container Terminal.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and Improvements	3~60 years
Machinery and Equipment	2~26 years
Transportation Equipment	2~10 years
Miscellaneous Equipment	2~21 years



The Group's property, plant and equipment were assessed and there was no impairment as of December 31, 2022 and 2021.

## 15. Lease Arrangements

### (1) Right-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of right-of-use assets		
Land	\$ 125,063	\$ 142,776
Buildings	355	4,164
Machinery and Equipment	-	9,117
	<u>\$ 125,418</u>	<u>\$ 156,057</u>
	<u>2022</u>	<u>2021</u>
Additions of right-of-use assets	<u>\$ 4,512</u>	<u>\$ -</u>
Depreciation expense of right-of-use assets		
Land	\$ 22,225	\$ 21,914
Buildings	4,139	3,889
Machinery and Equipment	9,117	9,117
	<u>\$ 35,481</u>	<u>\$ 34,920</u>

Except for the addition and recognition of depreciation expenses, the Group's right-of-use assets did not experience significant sublease and impairment for the years ended December 31, 2022 and 2021.

### (2) Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of lease liabilities		
Current	<u>\$ 16,268</u>	<u>\$ 36,404</u>
Non-current	<u>\$ 113,696</u>	<u>\$ 124,307</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land	0.8244%-1.2750%	0.8244%-1.0392%
Buildings	1.0392%	1.0392%
Machinery and Equipment	-	1.0392%

### (3) Material lease activities and contractual terms and conditions

The Group has leased certain land and buildings from others for use as factories and offices, with lease term ranging from 4 to 14 years. At the end of the lease term, the Group has no preferential right to purchase the leased land and buildings.

The Group has also leased certain machinery and equipment from others for use as product manufacturing and company operations, with a lease term of 5 years. At the end of the lease term, the Group has no preferential right to purchase leased machinery and equipment.

The Group adjusted its lease payments arising from the lease contract of land located in Kaohsiung for the change in the publicly announced land price.

(4) Other lease information

	2022	2021
Expenses relating to short-term leases	<u>\$ 13,174</u>	<u>\$ 11,272</u>
Expenses relating to low-value asset leases	<u>\$ -</u>	<u>\$ 635</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 80,757</u>	<u>\$ 41,454</u>
Total cash outflow for leases	<u>(\$131,050)</u>	<u>(\$ 89,843)</u>

The Group has elected to apply the exemptions to recognize the leases of land, buildings, transportation equipment, and office equipment that eligible for short-term leases and low-value asset leases so no corresponding right-of-use assets and lease liabilities are recognized for these leases.

**16. Investment Properties**

	Land	Buildings and Improvements	Right-of-use assets	Total
<u>Cost</u>				
Balance as of January 1, 2022	\$ 116,686	\$ 605,896	\$ 95,627	\$ 818,209
Additions	1,500	-	-	1,500
Effect of foreign currency exchange differences	<u>-</u>	<u>4,895</u>	<u>1,495</u>	<u>6,390</u>
Balance as of December 31, 2022	<u>\$ 118,186</u>	<u>\$ 610,791</u>	<u>\$ 97,122</u>	<u>\$ 826,099</u>
<u>Accumulated depreciation</u>				
Balance as of January 1, 2022	\$ -	\$ 300,223	\$ 10,138	\$ 310,361
Depreciation expenses	-	25,105	3,358	28,463
Effect of foreign currency exchange differences	<u>-</u>	<u>3,635</u>	<u>139</u>	<u>3,774</u>
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 328,963</u>	<u>\$ 13,635</u>	<u>\$ 342,598</u>
Net amount as of December 31, 2022	<u>\$ 118,186</u>	<u>\$ 281,828</u>	<u>\$ 83,487</u>	<u>\$ 483,501</u>
<u>Cost</u>				
Balance as of January 1, 2021	\$ 113,388	\$ 607,576	\$ 96,140	\$ 817,104
Additions	3,298	-	-	3,298
Effect of foreign currency exchange differences	<u>-</u>	<u>(1,680)</u>	<u>(513)</u>	<u>(2,193)</u>
Balance as of December 31, 2021	<u>\$ 116,686</u>	<u>\$ 605,896</u>	<u>\$ 95,627</u>	<u>\$ 818,209</u>
<u>Accumulated depreciation</u>				
Balance as of January 1, 2021	\$ -	\$ 276,028	\$ 6,611	\$ 282,639
Depreciation expenses	-	25,405	3,563	28,968
Effect of foreign currency exchange differences	<u>-</u>	<u>(1,210)</u>	<u>(36)</u>	<u>(1,246)</u>
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 300,223</u>	<u>\$ 10,138</u>	<u>\$ 310,361</u>
Net amount as of December 31, 2021	<u>\$ 116,686</u>	<u>\$ 305,673</u>	<u>\$ 85,489</u>	<u>\$ 507,848</u>



The Group's investment properties are mainly located in industrial districts. Due to the characteristics of the districts, the market for comparable properties is inactive and alternative reliable measurements of fair value were not available. Therefore, the Group determined that the fair value of its investment properties is not reliably measurable.

CGPC (ZS), a subsidiary of CGPC (BVI), which is a subsidiary of the Group, leases land located in Huoju Development Zone, Zhongshan City, Guangdong Province and sub-leases to other companies under operating leases. The corresponding right-of-use assets are accounted for as investment properties.

The total amount of lease payments to be collected in the future for investment property as operating lease as of December 31, 2022 and 2021 is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Year 1	\$ 36,600	\$ 38,389
Year 2	14,227	25,649
Year 3	10,970	10,983
Year 4	10,970	10,776
Year 5	10,970	10,776
Over 5 years	<u>16,455</u>	<u>26,940</u>
	<u>\$100,192</u>	<u>\$123,513</u>

Except for the recognition of depreciation expenses, the Group's investment properties assets did not experience significant increase, disposal and impairment for the years ended December 31, 2022 and 2021.

The investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and Improvements	5~26 years
Right-of-use assets	50 years

## 17. **Borrowings**

### (1) Short-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ 790,000</u>	<u>\$ 200,000</u>
The range of interest rate	1.639%-1.949%	0.740%

### (2) Short-term notes and bills payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Commercial note payable</u>	\$ 200,000	\$ -
Less: Discount on commercial note payable	( <u>332</u> )	-
	<u>\$ 199,668</u>	<u>\$ -</u>
The range of interest rate	1.660%-1.722%	-

(3) Long-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ 2,432,380</u>	<u>\$ 882,575</u>
The range of interest rate	0.761%-1.780%	0.100%-0.290%

In order to enrich medium- and- long-term working capital, the Company entered into a medium- and- long-term credit contracts with banks, with a credit limit of \$1,300,000 thousand and a credit period due in September 2025 and onwards. Any revolving drawdown within the credit limit can be made before the expiration dates of the contracts. As of December 31, 2022, it has made drawdowns of \$300,000 thousand.

Based on “Action Plan for Accelerated Investment by Domestic Corporations”, the Company obtained a low-interest bank loan of \$646,400 thousand, and it recognized and measured the loan according to the market interest rate while the difference from the repayment preferential interest rate shall be treated as government subsidies. As of December 31, 2022, it has made drawdowns of \$499,400 thousand.

In order to enrich medium- and- long-term working capital, the CGPCPOL entered into a medium- and- long-term credit contracts with banks, with a credit limit of \$400,000 thousand and a credit period due in September 2025 and onwards. Any revolving drawdown within the credit limit can be made before the expiration dates of the contracts. As of December 31, 2022, it has made drawdowns of \$100,000 thousand.

In order to enrich medium- and- long-term working capital, TVCM entered into a medium- and- long-term credit contracts with banks, with a credit limit of \$300,000 thousand and a credit period due by November 2025 and onwards. Any revolving drawdown within the credit limit can be made before the expiration dates of the contracts. As of December 31, 2022, it has not made any drawdown.

Based on “Action Plan for Accelerated Investment by SMEs”, TVCM obtained a low-interest bank loan of \$2,977,400 thousand, and it recognized and measured the loan according to the market interest rate while the difference from the repayment preferential interest rate shall be treated as government subsidies. As of December 31, 2022, it has made drawdowns of \$1,562,600 thousand.

Some of the Group’s credit contracts stipulate that the current ratio and debt ratio as stated on the financial statements shall not be less than a certain percentage, and that if such a percentage fails to be met, the Group shall propose improvement measures to the bank concerned. As of December 31, 2022, the Group has not defaulted on any of the aforementioned financial ratios.

**18. Trade Payables**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Trade payables (including related parties) (Note 28)</u>		
Operating	<u>\$1,201,754</u>	<u>\$ 914,334</u>

The average payment period of trade payables was 2 months. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.



**19. Other Payables - Non-Related Parties**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Payables for salaries or bonuses	\$ 183,204	\$ 464,418
Payables for utilities and fuel fees	139,293	127,285
Payables for purchases of equipment	134,351	169,719
Payables for freight	77,039	91,462
Dividends payable	9,438	8,666
Miscellaneous tax payable	6,142	36,617
Others	<u>177,606</u>	<u>119,913</u>
	<u>\$ 727,073</u>	<u>\$ 1,018,080</u>

**20. Retirement Benefit Plans****(1) Defined contribution plans**

The Company, CGPCPOL and TVCM adopt a pension plan under the Labor Pension Act, which is a state-managed defined contribution plan. According to the Labor Pension Act, and make monthly contributions to employees' individual pension accounts at 6% of their monthly salaries.

The employees of the Group's CGPC-America are the members of a retirement benefit plan operated by the local government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit plan to fund the plan. The obligation of the Group with respect to the state-run retirement benefit plan is merely to make the specified contributions.

**(2) Defined benefit plans**

The pension system adopted by the Company and TVCM under the "Labor Standards Act" is a state-managed defined benefit plan. The payment of the employee's pension is based on the period of service and the average salary in a specific period before the approved retirement date. The Company and TVCM allocate 10% of employees' monthly salaries respectively to the Supervisory Committee of Labor Retirement Reserve's dedicated account in the Bank of Taiwan as pension reserve funds. The Bureau of Labor Funds, Ministry of Labor administers the account. The Group has no right over its investment and administration strategies.

The amounts of defined benefit plans included in the consolidated balance sheets are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligation	\$ 1,231,937	\$ 1,399,384
Fair value of plan assets	( <u>901,615</u> )	( <u>882,004</u> )
Net defined benefit liabilities	<u>\$ 330,322</u>	<u>\$ 517,380</u>

Changes in net defined benefit liabilities (assets) are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Balance as of January 1, 2021	\$ 1,485,005	( \$ 912,024 )	\$ 572,981
Service costs for the current period	13,224	-	13,224
Interest expense (income)	<u>5,902</u>	( <u>3,756</u> )	<u>2,146</u>
Components recognized in profit or loss	<u>19,126</u>	( <u>3,756</u> )	<u>15,370</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	-	( 13,250 )	( 13,250 )
Actuarial loss - changes in demographic assumptions	34,618	-	34,618
Actuarial gain - changes in financial assumptions	( 9,962 )	-	( 9,962 )
Actuarial gain - experience adjustments	( <u>12,577</u> )	<u>-</u>	( <u>12,577</u> )
Components recognized in other comprehensive income	<u>12,079</u>	( <u>13,250</u> )	( <u>1,171</u> )
Contribution by the employer	-	( 61,779 )	( 61,779 )
Benefits paid from plan assets	( <u>116,826</u> )	<u>108,805</u>	( <u>8,021</u> )
Balance as of December 31, 2021	<u>1,399,384</u>	( <u>882,004</u> )	<u>517,380</u>
Service costs for the current period	9,976	-	9,976
Interest expense (income)	<u>6,762</u>	( <u>4,333</u> )	<u>2,429</u>
Components recognized in profit or loss	<u>16,738</u>	( <u>4,333</u> )	<u>12,405</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	-	( 72,525 )	( 72,525 )
Actuarial gain - changes in financial assumptions	( 73,892 )	-	( 73,892 )
Actuarial loss - experience adjustments	<u>12,063</u>	<u>-</u>	<u>12,063</u>
Components recognized in other comprehensive income	( <u>61,829</u> )	( <u>72,525</u> )	( <u>134,354</u> )
Contribution by the employer	-	( 65,109 )	( 65,109 )
Benefits paid from plan assets	( <u>122,356</u> )	<u>122,356</u>	<u>-</u>
Balance as of December 31, 2022	<u>\$ 1,231,937</u>	( <u>\$ 901,615</u> )	<u>\$ 330,322</u>

## Financial Summary



Amounts recognized in profit or loss for defined benefit plan are summarized by functions as follows:

	<u>2022</u>	<u>2021</u>
Operating costs	\$ 10,327	\$ 12,635
Selling and marketing expenses	1,219	1,306
General and administrative expenses	459	963
Research and development expenses	<u>400</u>	<u>466</u>
	<u>\$ 12,405</u>	<u>\$ 15,370</u>

The Group has the following risks owing to the implementation of the pension system under the Labor Standards Act:

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic (foreign) equity securities, debt securities, and bank deposits conducted by itself or commissioned operations. However, the distributed amount from the plan assets received by the Group shall not be lower than interest on a two-year time deposit at a local bank.
2. Interest rate risk: The decrease in the interest rate of government bonds/corporate bonds will increase the present value of defined benefit obligations, but the yield on debt investment of plan assets will also increase accordingly, which will partially offset the impact on net defined benefit liabilities.
3. Salary risk: The present value of defined benefit obligations is calculated with reference to future salaries of plan members. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

The present value of the Group's defined benefit obligations is calculated by certified actuaries and the major assumptions on the assessment date are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.375%	0.500%
Average long-term salary adjustment rate	2.500%-2.750%	2.500%

If changes occur in major actuarial assumptions with other assumptions unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate		
Increase by 0.25%	( \$ 21,267 )	( \$ 25,862 )
Decrease by 0.25%	<u>\$ 21,882</u>	<u>\$ 26,656</u>
Average long-term salary adjustment rate		
Increase by 0.25%	<u>\$ 21,236</u>	<u>\$ 25,675</u>
Decrease by 0.25%	( <u>\$ 20,746</u> )	( <u>\$ 25,046</u> )

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Expected amount of contribution within 1 year	<u>\$ 62,555</u>	<u>\$ 62,962</u>
Average duration of defined benefit obligations	6.8~8.0 years	7.4~8.1 years

## 21. **Equity**

### (1) Ordinary share

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Number of shares authorized (in thousands)	<u>650,000</u>	<u>650,000</u>
Share authorized	<u>\$ 6,500,000</u>	<u>\$ 6,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>581,050</u>	<u>581,050</u>
Share issued	<u>\$ 5,810,505</u>	<u>\$ 5,810,505</u>

The holders of issued ordinary shares with a par value of \$10 are entitled to the right to one vote and to receive dividends.

### (2) Capital surplus

Capital surplus relating to unclaimed dividends of which the claim period has expired may be used only to offset previous deficits.

Capital surplus generated from investments in associates accounted for using the equity method may not be used for any purposes.

Capital surplus generated from the difference between the acquisition price of a subsidiary's equity and the book value may be used to offset deficits, be distributed in cash, or be appropriated to share capital.

### (3) Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation, where the Company makes a net income in a fiscal year, the profit shall be used first for offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The shareholders' meeting may retain part or all of such earnings depending on the operating circumstances. The industry that the Company operates in is in the maturity stage. Consequently, in order to take R&D needs and diversification into consideration, shareholders' dividends shall not be less than 10% of the distributable earnings in the current year, of which the cash dividends shall not be less than 10% of the total dividends. However, if the distributable earnings of the year is less than \$0.1 per share, it shall not be distributed. For the policies on the distribution of employees' compensation and remuneration of directors after



amendment, refer to “Employees’ compensation and remuneration of directors” in Note 23(7).

The appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The shareholders' meetings approved the earnings distribution proposal for years ended December 31, 2021 and 2020 on May 30, 2022 and July 27, 2021 as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2021	2020	2021	2020
Legal reserve	\$ 246,913	\$ 165,369		
Cash dividends	1,452,626	996,086	\$ 2.5	\$ 1.8
Share dividends	-	276,691	-	0.5

On March 2, 2023, the Board of Directors proposed the distribution of earnings for the year ended December 31, 2022 as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Cash dividends	\$ 174,315	\$ 0.3

The distribution of earnings for the year ended December 31, 2022 is subject to the resolution in the shareholders' meeting on May 26, 2023.

(4) Special reserve

The Company appropriated a special reserve in the amount of \$408,223 thousand after offsetting a deficit of \$428,727 thousand, which was from the net increase of retained earnings arising from the initial adoption of IFRSs. As of December 31, 2022, such amount was no change.

(5) Other equity

1. Exchange differences on translating the financial statements of foreign operations

	2022	2021
Balance at January 1	( \$ 52,461 )	( \$ 43,259 )
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	41,526	( 11,080 )
Share of exchange of differences of associates accounted for using the equity method	379	( 338 )
Related income tax	( 8,305 )	2,216
Balance at December 31	( \$ 18,861 )	( \$ 52,461 )

2. Unrealized gains (losses) on financial assets at FVTOCI

	2022	2021
Balance at January 1	\$132,733	\$138,774
Recognized for the year		
Unrealized losses		
Equity instruments	( 15,694 )	( 43,136 )
Share of exchange of differences associates accounted for using the equity method	( 31,015 )	37,095
Balance at December 31	<u>\$ 86,024</u>	<u>\$132,733</u>

(6) Non-controlling Interests

	2022	2021
Balance at January 1	\$672,292	\$600,243
Net profit for the Year	32,530	162,742
Other comprehensive income for the year		
Unrealized gains (losses) on financial assets at FVTOCI	( 140 )	259
Remeasurement defined benefit plans	3,316	( 428 )
Changes in capital surplus	13	-
Acquisition of part of the equity of subsidiaries	-	( 2,905 )
Distribution of Cash dividends	( 113,555 )	( 87,619 )
Balance at December 31	<u>\$594,456</u>	<u>\$672,292</u>

## 22. Revenue

(1) Revenue from contracts with customers

	2022	2021
Revenue from the sale of goods		
PVC products	\$ 16,648,264	\$ 19,214,128
VCM products	989,215	1,007,396
	<u>\$ 17,637,479</u>	<u>\$ 20,221,524</u>

Revenue from the sale of goods mainly comes from the sale of VCM, chlor-alkali products, PVC resins, PVC compounds and other related products.

Refer to Note 33 for details about revenue from contracts with customers.



## (2) Contract balances

Please refer to Note 10 for information related to notes receivable and trade receivables.

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities (presented in other current liabilities)	<u>\$ 101,549</u>	<u>\$ 76,557</u>	<u>\$ 64,270</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Company's fulfillment of performance obligation and the respective customers' payment.

## (3) Refunds liabilities

	December 31, 2022	December 31, 2021
Refunds liabilities (presented in other current liabilities)	<u>\$ 21,246</u>	<u>\$ 21,833</u>

Refund liabilities relating to sales return and discount are estimated based on historical experience, management judgment, and other known factors, and are presented as a deduction to operating revenue in the period in which the goods are sold.

**23. Net Profit (Loss) for the Year**

## (1) Interest income

	2022	2021
Bank deposits	\$ 5,514	\$ 898
Financial assets at FVTPL	1,110	902
Financial assets at amortized cost	835	305
Others	<u>2,668</u>	<u>130</u>
	<u>\$ 10,127</u>	<u>\$ 2,235</u>

## (2) Other income

	2022	2021
Indemnity income	\$240,712	\$ 4,797
Rental income	50,202	47,279
Dividend income	8,593	34,369
Others	<u>23,301</u>	<u>17,316</u>
	<u>\$322,808</u>	<u>\$103,761</u>

(3) Other gains and losses

	2022	2021
Gains (losses) on disposal of property, plant and equipment	\$ 1,135	(\$ 70,193)
Gross foreign exchange gains	310,176	114,165
Gross foreign exchange losses	( 178,645 )	( 157,089 )
Net gains on fair value change on financial instruments at FVTPL	60,404	19,628
Depreciation expenses from investment properties	( 28,463 )	( 28,968 )
Depreciation expenses of property, plant and equipment	( 2,023 )	-
Others	( 11,630 )	( 10,527 )
	<u>\$150,954</u>	<u>(\$132,984)</u>

(4) Interest expense

	2022	2021
Interest on bank loans	\$ 25,947	\$ 3,470
Interest on lease liabilities	1,505	1,824
Less: Capitalized interest (presented under construction in progress)	( 642 )	-
	<u>\$ 26,810</u>	<u>\$ 5,294</u>

Information about capitalized interest is as follows:

	2022	2021
Capitalized interest	\$ 642	\$ -
Capitalization rate	0.500%-1.000%	-





## (5) Depreciation and amortization

	2022	2021
Property, Plant and Equipment	\$ 633,426	\$ 617,381
Right-of-use assets	35,481	34,920
Investment Properties	28,463	28,968
Intangible assets	59	61
Others	18,025	23,700
	<u>\$ 715,454</u>	<u>\$ 705,030</u>

## An analysis of depreciation by function

Operating costs	\$ 645,465	\$ 630,865
Operating expenses	21,419	21,436
Other gains and losses	30,486	28,968
	<u>\$ 697,370</u>	<u>\$ 681,269</u>

## An analysis of amortization by function

Operating costs	\$ 18,025	\$ 23,700
Operating expenses	59	61
	<u>\$ 18,084</u>	<u>\$ 23,761</u>

## (6) Employee benefits expense

	2022	2021
Post-employment benefits (Note 20)		
Defined contribution plans	\$ 31,635	\$ 29,779
Defined benefit plans	12,405	15,370
	44,040	45,149
Other employee benefits	1,068,667	1,346,866
Total employee benefits expenses	<u>\$ 1,112,707</u>	<u>\$ 1,392,015</u>

## An analysis of employee benefits expense by function

Operating costs	\$ 876,826	\$ 1,100,151
Operating expenses	235,881	291,864
	<u>\$ 1,112,707</u>	<u>\$ 1,392,015</u>

## (7) The remuneration of employees and directors

The Company accrued remuneration of employees and directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

For the year ended on December 31, 2022, the remuneration of employees and directors were not accrued due to the deficit.

The remuneration of employees and directors for 2021, which have been approved by the Company's board of directors on March 9, 2022 was as follows:

Accrual rate

	<u>2021</u>
Remuneration of Employees	1%
Remuneration of Directors	-

Amount of Cash

	<u>2021</u>
Remuneration of Employees	\$ 26,485

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of remuneration of employees and directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the remuneration of employees and directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## **24. Income Tax**

(1) Income tax expense recognized in profit or loss

Major components of income tax expenses (benefits) are as follows:

	<u>2022</u>	<u>2021</u>
Current tax		
In respect of the current year	\$ 2,091	\$691,290
Adjustments for prior periods	( <u>4,423</u> )	( <u>4,972</u> )
	( <u>2,332</u> )	<u>686,318</u>
Deferred tax		
In respect of the current year	( 177,644 )	( 11,458 )
Adjustments for prior periods	<u>510</u>	<u>756</u>
	( <u>177,134</u> )	( <u>10,702</u> )
Income tax expense (benefit) recognized in profit or loss	( <u>\$179,466</u> )	<u>\$675,616</u>

## Financial Summary



Reconciliation between accounting income and current income tax expenses (benefits) is as follows:

	<u>2022</u>	<u>2021</u>
Net (loss) profit before tax	( <u>\$ 517,183</u> )	<u>\$ 3,307,034</u>
Income tax (benefits) expenses calculated at the statutory rate	(\$ 208,369)	\$ 1,049,782
Domestic investments recognized under equity method	57,220	( 358,518)
Tax-exempted income	( 3,481)	( 6,541)
Gains (losses) on financial assets	1,487	( 190)
Fees that cannot be deducted from taxes	1,259	429
Unrecognized deductible temporary differences	( 23,669)	( 5,130)
Adjustments for prior periods	( <u>3,913</u> )	( <u>4,216</u> )
Income tax expenses (benefits) recognized in profit or loss	( <u>\$ 179,466</u> )	<u>\$ 675,616</u>
(2) Income tax recognized in other comprehensive income		
	<u>2022</u>	<u>2021</u>
<u>Deferred tax</u>		
In respect of the current year		
- Translation of foreign operations	(\$ 8,305)	\$ 2,216
- Gains remeasurements of defined benefit plans	( <u>16,826</u> )	( <u>906</u> )
Income tax recognized in other comprehensive income	( <u>\$ 25,131</u> )	<u>\$ 1,310</u>
(3) Current tax assets and liabilities		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current tax assets		
Tax refunds receivables	<u>\$ 570</u>	<u>\$ -</u>
Current tax liabilities		
Income tax payable	<u>\$ 661</u>	<u>\$687,974</u>

(4) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

2022

	Balance at January 1	Components recognized in profit or loss	Components recognized in other comprehensive income	Balance at December 31
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory write-down	\$ 21,213	\$ 27,525	\$ -	\$ 48,738
Investment accounted for equity method	72,748	51,241	( 8,305 )	115,684
Deferred revenue	22,764	( 16,597 )	-	6,167
Refunds liabilities	4,455	( 206 )	-	4,249
Defined benefit plan	94,493	( 11,602 )	( 16,826 )	66,065
Holiday benefits payable	9,525	1,293	-	10,818
Loss carryforwards	-	124,960	-	124,960
Others	3,183	1,884	-	5,067
	<u>\$ 228,381</u>	<u>\$ 178,498</u>	<u>( \$ 25,131 )</u>	<u>\$ 381,748</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Revaluation increments of land	\$ 592,084	\$ -	\$ -	\$ 592,084
Others	2,548	1,364	-	3,912
	<u>\$ 594,632</u>	<u>\$ 1,364</u>	<u>\$ -</u>	<u>\$ 595,996</u>

2021

	Balance at January 1	Components recognized in profit or loss	Components recognized in other comprehensive income	Balance at December 31
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory write-down	\$ 17,656	\$ 3,557	\$ -	\$ 21,213
Investment accounted for equity method	72,361	( 1,829 )	2,216	72,748
Deferred revenue	8,994	13,770	-	22,764
Refunds liabilities	1,923	2,532	-	4,455
Defined benefit plan	104,188	( 8,789 )	( 906 )	94,493
Holiday benefits payable	8,976	549	-	9,525
Others	2,201	982	-	3,183
	<u>\$ 216,299</u>	<u>\$ 10,772</u>	<u>\$ 1,310</u>	<u>\$ 228,381</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Revaluation increments of land	\$ 592,084	\$ -	\$ -	\$ 592,084
Others	2,478	70	-	2,548
	<u>\$ 594,562</u>	<u>\$ 70</u>	<u>\$ -</u>	<u>\$ 594,632</u>



- (5) Deductible temporary differences and unused loss carryforwards, which were not recognized in deferred tax assets of the consolidated balance sheets

	December 31, 2022	December 31, 2021
Loss carryforwards	<u>\$ 170,034</u>	<u>\$ 115,483</u>
Deductible temporary differences		
Write-downs of inventories and obsolescence losses	\$ 24,261	\$ 15,633
Investment loss using foreign equity method	-	181,158
Defined benefit plan	-	( 1,944)
Differences on depreciation period between finance and tax	-	8,216
Others	<u>16,480</u>	<u>26,595</u>
	<u>\$ 40,741</u>	<u>\$ 229,688</u>

As of December 31, 2022, the Group's unused loss carryforwards are \$794,831 thousand which will expire in succession before 2042.

- (6) Income tax assessments

The income tax returns of the Company, CGPCPOL and TVCM through 2020 have been assessed by the tax authorities.

## 25. Earnings (Losses) Per Share

Unit: NT\$ Per Share

	2022	2021
Basic earnings (losses) per share	<u>(\$ 0.64)</u>	<u>\$ 4.25</u>
Diluted earnings (losses) per share	<u>(\$ 0.64)</u>	<u>\$ 4.24</u>

Earnings (losses) and weighted average number of ordinary shares used to calculate earnings (losses) per share were as follows:

### Net Profit (Loss) for the Year

	2022	2021
The net profit (loss) used to calculate basic and diluted earnings (losses) per share	<u>(\$ 370,247)</u>	<u>\$ 2,468,676</u>

### Shares

Unit: Thousands of shares

	2022	2021
Weighted average number of ordinary shares used to calculate basic earnings (losses) per share	581,050	581,050
Effect of potentially dilutive ordinary shares:		
Remuneration of employees	-	859
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>581,050</u>	<u>581,909</u>

If the Group offered to settle remuneration paid to employees in cash or shares, the Group assumed the entire amount of the remuneration would be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. For the year ended on December 31, 2022, the remuneration of employees was not accrued due to deficit.

## 26. Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

## 27. Financial Instruments

### (1) Fair value of financial instruments not measured at fair value

The management of the Group believes the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair value or their fair value cannot be reliably measured.

### (2) Fair value of financial instruments measured at fair value on a recurring basis

#### 1) Fair value hierarchy

#### December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 40	\$ -	\$ 40
Mutual Funds	809,600	-	-	809,600
Beneficiary securities	54,186	-	-	54,186
Investments in equity instruments				
— Domestic listed equity investments	18,916	-	-	18,916
— Overseas unlisted equity investments	-	-	-	-
	<u>\$ 882,702</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 882,742</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
— Domestic listed equity investments	\$ 3,673	\$ -	\$ -	\$ 3,673
— Domestic unlisted equity investments	-	-	67,644	67,644
	<u>\$ 3,673</u>	<u>\$ -</u>	<u>\$ 67,644</u>	<u>\$ 71,317</u>
<u>Financial liabilities at FVTOCI</u>				
Derivative financial liabilities	\$ -	\$ 9,529	\$ -	\$ 9,529

## Financial Summary



### December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 4,079	\$ -	\$ 4,079
Mutual Funds	747,243	-	-	747,243
Beneficiary securities	52,541	-	-	52,541
Investments in equity instruments				
— Domestic listed equity investments	58,597	-	-	58,597
— Overseas unlisted equity investments	-	-	-	-
	<u>\$ 858,381</u>	<u>\$ 4,079</u>	<u>\$ -</u>	<u>\$ 862,460</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
— Domestic listed equity investments	\$ 4,774	\$ -	\$ -	\$ 4,774
— Domestic unlisted equity investments	-	-	82,377	82,377
	<u>\$ 4,774</u>	<u>\$ -</u>	<u>\$ 82,377</u>	<u>\$ 87,151</u>

There were no transfers between Levels 1 and 2 fair value measurement for the years ended December 31, 2022 and 2021.

### 2) Reconciliation of Level 3 fair value measurements of financial instruments

#### 2022

	Financial assets at FVTOCI
Balance on January 1	\$ 82,377
Components recognized in other comprehensive income	( 14,733 )
Balance on December 31	<u>\$ 67,644</u>

#### 2021

	Financial assets at FVTOCI
Balance on January 1	\$ 137,731
Components recognized in other comprehensive income	( 44,905 )
Return of capital reduction	( 10,449 )
Balance on December 31	<u>\$ 82,377</u>

### 3) Valuation techniques and inputs applied for Level 2 fair value measurement

#### Financial Instruments

Category	Valuation Technique and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

To determine the fair value for Level 3 financial instruments, the Group's financial department conducts independent fair value verification using independent resources so as to better reflect the market conditions, as well as periodically reviewing the valuation results in order to guarantee the rationality of the measurement. For unlisted domestic equity investments, the Group utilizes the asset approach and takes into account the most recent net asset value, observable financial status as well as the financing activities of investees in order to determine their net asset value. The unobservable input used was a discount for the lack of marketability of 15% on December 31, 2022 and 2021. When other inputs remain unchanged, the fair value will decrease by \$796 thousand, and \$969 thousand, respectively if the discount for lack of marketability increases by 1%.

(3) Categories of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified at FVTPL	\$ 882,742	\$ 862,460
Financial assets at amortized cost		
Cash and Cash Equivalents	1,276,545	1,220,291
Pledged time deposits	343,024	269,291
Notes receivable	219,522	404,709
Trade receivables (including related parties)	1,202,318	1,638,291
Other receivables (including related parties and excluding tax refund receivable)	5,713	10,799
Refundable deposits	26,140	29,929
Financial assets at FVTOCI—		
Equity instruments	71,317	87,151
<u>Financial liabilities</u>		
FVTPL		
Held for trading	9,529	-
At amortized cost		
Short-term notes and bills payable	199,668	-
Short-term borrowings	790,000	200,000
Trade payables (including related parties)	1,201,754	914,334
Other payables (Note)	556,480	532,242
Long-term borrowings	2,432,380	882,575
Guarantee deposits	22,771	9,615

Note: Other payables (including related parties) do not include the amount of salary payable and miscellaneous tax payable.





(4) Financial risk management objectives and policies

The Group's conduct of risk control and hedging strategy is influenced by the operational environment. The Group monitors and manages the financial risk by business nature and risk dispersion. These risks include market risk (including foreign currency risk, interest rate risk and other price risks), credit risk and liquidity risk.

1) Market risk

The Group's operating activities exposed itself primarily to the market risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group conducted foreign currency sales and purchases, which exposed the Group to foreign currency risk. In order to avoid the impact of foreign currency exchange rate changes, which lead to deductions in foreign currency denominated assets and fluctuations in their future cash flows, the Group maintains a balance of hedged net foreign currency denominated assets and liabilities. The Group also utilizes foreign exchange forward contracts to hedge the currency exposure. The use of foreign exchange forward contracts is regulated by the policies passed by the Group's board of directors. Internal auditors focus on reviewing the observance of the policies and the quota of risk exposures. The foreign exchange forward contracts that the Group engaged in were not for speculation purposes.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 31.

Sensitivity analysis

The Company's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 3% strengthening/weakening of the functional currency against USD, the net loss before tax for 2022 would have increased / decreased by \$14,614 thousand, and the net income before tax for 2021 would have decreased / increased by \$41,795 thousand.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign currency risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Group was exposed to the fair value risk of interest rate fluctuations for the fixed interest rate bearing financial assets and financial liabilities; the Group was exposed to the cash flow risk of interest rate fluctuations for the floating interest rate bearing financial assets and financial liabilities. The Group's management regularly monitors the fluctuations in market rates and then adjusted its balance of floating rate bearing financial liabilities to make the Group's interest rates more closely approach market rates in response to the interest rate risk.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair value interest rate risk		
- Financial assets	\$ 1,165,123	\$ 884,246
- Financial liabilities	1,519,632	360,711
Cash flow interest rate risk		
- Financial assets	421,923	546,712
- Financial liabilities	2,032,380	882,575

#### Sensitivity analysis

The fixed-rate financial assets and liabilities held by the Group are not included in the analysis as they are all measured at amortized cost. For floating rate assets and liabilities, the analysis was prepared to assume that the amount of the assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point fluctuation in interest rate was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

When reporting to the management, the Group considers any interest rate fluctuation within 50 basis points reasonable. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax loss for the year ended December 31, 2022 would have increased/decreased by \$8,052 thousand, and the Group's pre-tax profit for the year ended December 31, 2021 would have decreased /increased by \$1,679 thousand.

#### c) Other price risks

The Group was exposed to the equity price risk through its investments in domestic listed shares, domestic unlisted shares, beneficiary certificates of Funds and other equity securities investments. The Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk.

#### Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to securities price risk at the end of the reporting period. As such, the Group's money market funds recognized under financial assets at FVTPL were not included in the analysis because their price fluctuation risk is extremely low.

If marketable securities price had increased/decreased by 5%, the pre-tax loss for the year ended December 31, 2022 would have decreased/increased by \$3,655 thousand, and the pre-tax profit for the year ended December 31, 2021 would have increased/decreased by \$5,557 thousand, as a result of the changes in fair value of financial assets at FVTPL (excluding investment in money



market funds). If the equity securities price had increased/decreased by 5%, the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$3,566 thousand and \$4,358 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations and result in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and
- b) The maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Group adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The counterparties of the Group's trade receivable included numerous clients distributed over a variety of areas and were not centered on a single client or location. Furthermore, the Group continuously assesses the financial condition of its clients, and then the Group's credit risk was limited. As of the end of the reporting period, the Group's largest exposure to credit risk is approximately that of the carrying amounts of its financial assets.

## 3) Liquidity risk

The Group managers maintain working capital and mitigate liquidity risk by maintaining a level of cash and cash equivalents and financing facilities deemed adequate.

### a) Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

#### December 31, 2022

	Effective Interest Rate (%)	On Demand or Less than 1 Year	1~5 years	Over 5 Years
<u>Non-derivative</u>				
<u>financial liabilities</u>				
Non-interest bearing liabilities		\$1,758,234	\$ -	\$ -
Lease liabilities	0.824-1.275	16,351	63,345	56,336
Floating interest rate liabilities	0.761-1.125	17,304	2,108,287	-
Fixed interest rate liabilities	1.350-1.948	993,441	400,000	-
		<u>\$2,785,330</u>	<u>\$2,571,632</u>	<u>\$ 56,336</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1~5 years	5~10 years	Over 10 Years
Lease liabilities	<u>\$ 16,351</u>	<u>\$ 63,345</u>	<u>\$ 49,933</u>	<u>\$ 6,403</u>

December 31, 2021

	Effective Interest Rate (%)	On Demand or Less than 1 Year	1~5 years	Over 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$1,446,576	\$ -	\$ -
Lease liabilities	0.824-1.039	36,606	61,891	69,520
Floating interest rate liabilities	0.824	1,362	910,414	-
Fixed interest rate liabilities	0.798-0.850	<u>200,077</u>	<u>-</u>	<u>-</u>
		<u>\$1,684,621</u>	<u>\$ 972,305</u>	<u>\$ 69,520</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1~5 years	5~10 years	Over 10 Years
Lease liabilities	<u>\$ 36,606</u>	<u>\$ 61,891</u>	<u>\$ 62,259</u>	<u>\$ 7,261</u>

b) **Financing facilities**

The Group relies on bank loans as a significant source of liquidity. As of the date of balance sheet, the unused amounts of bank loan facilities were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank loan facilities		
— Amount unused	<u>\$ 7,479,040</u>	<u>\$ 7,394,679</u>

**28. Transactions with Related Parties**

As of December 31, 2022 and 2021, USI Corporation held through its subsidiary, Union Polymer International Investment Corporation, 24.97% of the Company's outstanding ordinary shares.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in other notes, details of transactions between the Group and other related parties are disclosed below:



## (1) Related parties names and categories

Related Party Name	Relationship with the Group
USI Corporation	Ultimate parent company
Union Polymer International Investment Corporation	Parent company
Taita Chemical Company, Limited ("TTC")	Investor with significant influence
Asia Polymer Corporation ("APC")	Investor with significant influence
China General Terminal & Distribution Corporation ("CGTD")	Associate
Acme Electronics Corporation	Associate
USI Optronics Corporation ("USIO")	Fellow subsidiary
USI Management Consulting Corporation ("UM")	Fellow subsidiary
Swanson Plastics Corporation	Fellow subsidiary
Swanson Technologies Corporation	Fellow subsidiary
Taiwan United Venture Management Corporation	Fellow subsidiary
Chong Loong Trading Co., Ltd.	Fellow subsidiary
Dynamic Ever Investments Limited	Fellow subsidiary
Taita Chemical (Zhong Shan) Co., Ltd.	Subsidiary of investor with significant influence
APC Investment Corporation	Subsidiary of investor with significant influence
USI Educational Foundation ("USIF")	Related party in substance
Fujian Gulei Petrochemical Co., Ltd.	Related party in substance

## (2) Sales

Related Party Category	2022	2021
Ultimate parent company	\$ 3,164	\$ -
Investor with significant influence	2,722	2,339
Fellow subsidiary	464	601
	<u>\$ 6,350</u>	<u>\$ 2,940</u>

The sales of goods to related parties had no material differences from those of general sales transactions.

## (3) Purchases

Related Party Category	2022	2021
Related party in substance	\$ 1,071,372	\$ 97,974
Fellow subsidiary	66,332	59,721
Ultimate parent company	2,109	420
	<u>\$ 1,139,813</u>	<u>\$ 158,115</u>

Purchases from related parties had no material differences from those of general purchase transactions.

(4) Trade receivables

Related Party Category	December 31, 2022	December 31, 2021
Investor with significant influence	\$ 630	\$ -
Fellow subsidiary	128	-
	<u>\$ 758</u>	<u>\$ -</u>

The outstanding trade receivables from related parties were unsecured. No loss allowance was set aside for receivables from related parties for the years ended December 31, 2021 and 2020.

(5) Trade payables to related parties

Related Party Category	December 31, 2022	December 31, 2021
Ultimate parent company	\$219,827	\$227,135
Fellow subsidiary	7,968	10,363
	<u>\$227,795</u>	<u>\$237,498</u>

TVCM appointed the ultimate parent company to import ethylene, and the trade payables to the ultimate parent company are to be paid off when the ultimate parent company makes a payment.

The outstanding trade payables to related parties were unsecured.

(6) Other receivables from related parties

Related Party Category	December 31, 2022	December 31, 2021
Ultimate parent company	\$ 839	\$ 786
Investor with significant influence	733	981
Fellow subsidiary	10	20
Associate	6	3
Subsidiary of investor with significant influence	-	1
	<u>\$ 1,588</u>	<u>\$ 1,791</u>

(7) Other payables to related parties

Related Party Category	December 31, 2022	December 31, 2021
Associate	\$ 9,657	\$ 11,289
Ultimate parent company	7,360	3,044
Investor with significant influence	846	307
Subsidiary of investor with significant influence	658	409
Fellow subsidiary	232	148
	<u>\$ 18,753</u>	<u>\$ 15,197</u>

(8) Acquisitions of property, plant and equipment

Related Party Category	Purchase Price	
	2022	2021
Ultimate parent company	<u>\$ 4,675</u>	<u>\$ 6,070</u>



## (9) Lease arrangements

<u>Related Party Category/Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Lease liabilities</u>		
Investor with significant influence		
APC	\$ 110,549	\$ 123,733
TTC	2,549	12,104
Associate	-	7,844
	<u>\$ 113,098</u>	<u>\$ 143,681</u>
 <u>Related Party Category/Name</u>	 <u>2022</u>	 <u>2021</u>
<u>Interest expense</u>		
Investor with significant influence		
APC	\$ 1,223	\$ 1,360
TTC	81	179
Associate	44	125
	<u>\$ 1,348</u>	<u>\$ 1,664</u>
 <u>Lease expenses</u>		
Ultimate parent company	\$ 6,921	\$ 6,807
Investor with significant influence	4,548	2,687
	<u>\$ 11,469</u>	<u>\$ 9,494</u>

The Company leases offices in Neihu from Ultimate parent company and APC. The rentals are paid on a monthly basis.

The factory belonging to the Company's subsidiaries located on the land in Linyuan was rented from APC. The original lease term expired in December 2011. However, if neither counterparties argued, the lease term would automatically extend for another year.

The Company's subsidiaries leased storage tanks for vinyl chloride monomer from TTC. The original lease term expired in December 2010 and was renewed at both parties' discretion.

The Company's subsidiary leased land for their warehouses from APC. The lease term will expire in May 2026. The lease contract is renewable, and the rental is paid on a monthly basis.

## (10) Storage tank operating expenses

<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
Associate		
CGTD	<u>\$ 99,027</u>	<u>\$ 92,143</u>

The Company's subsidiaries appointed CGTD to handle the storage tank used to transport, store and load vinyl chloride monomer, ethylene and dichloroethane. The storage tank operating expenses are paid by the end of next month following such services.

(11) Management service revenue			
	<u>Related Party Category</u>	<u>2022</u>	<u>2021</u>
	Ultimate parent company	\$ 3,370	\$ 3,152
	Investor with significant influence	<u>52</u>	<u>76</u>
		<u>\$ 3,422</u>	<u>\$ 3,228</u>

(12) Management service expenses			
	<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
	Fellow subsidiary		
	UM	\$112,284	\$ 75,588
	Ultimate parent company	<u>4,338</u>	<u>4,450</u>
		<u>\$116,622</u>	<u>\$ 80,038</u>

UM and the ultimate parent company provide labor support, equipment and other related services to the Company and its subsidiaries. The service expenses were based on the actual quarterly expenses which should be paid in the subsequent quarter following the related service.

(13) Donations			
	<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
	Related party in substance		
	USIF	<u>\$ 5,000</u>	<u>\$ 4,000</u>

(14) Rental income			
	<u>Related Party Category</u>	<u>2022</u>	<u>2021</u>
	Fellow subsidiary	\$ 4,137	\$ 3,363
	Subsidiary of investor with significant influence	1,178	1,132
	Investor with significant influence	<u>273</u>	<u>280</u>
		<u>\$ 5,588</u>	<u>\$ 4,775</u>

USIO signed a factory lease contract with the Company with a lease term until April 15, 2023. The Company collects fixed rental amounts on a monthly basis. USIO does not have a bargain purchase option to acquire the leased factory at the expiry of the lease period.

(15) Other income			
	<u>Related Party Category</u>	<u>2022</u>	<u>2021</u>
	Investor with significant influence	<u>\$ 1,378</u>	<u>\$ 1,627</u>





## (16) Compensation of key management personnel

The compensation of directors and key executives for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Salaries and others	\$ 28,853	\$ 31,700
Retirement benefits	216	216
	<u>\$ 29,069</u>	<u>\$ 31,916</u>

The compensation of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

**29. Assets Pledged as Collateral or for Security**

The following assets of the Group were provided as collateral for the performance guarantee for the tariffs of imported raw materials and use of fuel:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Pledge time deposits (classified as financial assets at amortized cost and other non-current assets)	<u>\$ 367,648</u>	<u>\$ 293,779</u>

**30. Significant Contingent Liabilities and Unrecognized Commitments**

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of the end of the reporting period were as follows:

- (1) As of December 31, 2022 and 2021, the Group's unused letters of credit amounted to \$1,314,845 thousand and \$1,463,309 thousand, respectively.
- (2) Description of Kaohsiung gas explosions:

Regarding the associate, China General Terminal & Distribution Corporation (hereinafter "CGTD"), who was commissioned to operate the LCY Chemical Corp.'s propylene pipeline resulting in a gas explosion on July 31, 2014, the appeal was dismissed by the Supreme Court on September 15, 2021, and all three employees of CGTD were innocent.

CGTD reached an agreement with Kaohsiung City Government on February 12, 2015 and pledged a term deposit of \$228,904 thousand (including interest) to the Government as a guarantee for losses caused by the gas explosions. The Kaohsiung City Government has also filed civil litigation against LCY Chemical Corp. CGTD, and CPC Corporation. Taiwan Power Company applied for provisional attachment against CGTD's property on August 27 and November 26, 2015. CGTD had deposited cash of \$ 99,207 thousand to the court to avoid provisional attachment. Taiwan Water Corporation also applied for provisional attachment against CGTD's property on February 3 and March 2, 2017. Assets under attachment amounted to approximately \$11,393 thousand as of February 23, 2023.

As for the victims, CGTD, LCY Chemical Corp. and Kaohsiung City Government signed a tripartite agreement on July 17, 2015 agreeing to negotiate the compensation first with the 32 victim's successors and persons entitled to the claims ("family of the victim"). Each victim's family was entitled to \$12,000 thousand and the total

compensation was \$384,000 thousand. The compensation was first paid by LCY who also represent the three parties in the settlement negotiation and the signing of settlement agreements with family of the victim. CGTD also agreed to pay \$157,347 thousand to LCY on August 10, 2022 in accordance with 30% of the proportion of fault liability in the first instance judgment in accordance with a tripartite agreement. After that, when the civil litigation is determined, it will be compensated according to the determined liability ratio.

As for the seriously injured victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for serious injuries on October 25, 2017 agreeing to negotiate the compensation first with the 65 seriously injured victims. The compensation was first paid by CGTD and the Kaohsiung City Government. CGTD also represents the three parties in negotiating settlements with victims who suffered serious injuries in the incident. It has signed settlement agreements with 64 of the victims.

As of February 23, 2023, victims and their families have filed civil (including supplementary civil action) lawsuits against LCY Chemical Corp., CGTD and CPC Corp. for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim of \$46,677 thousand, and the amount of the settlement was \$4,519 thousand. Along with the case still under litigation and the above-mentioned compensation, the accumulated amount of compensation is \$3,856,447 thousand. The first-instance judgments of some of the above-mentioned civil cases (with a total amount of compensation of approximately \$1,440,672 thousand) have been gradually announced, starting from June 22, 2018. The proportion of fault liability of the Kaohsiung City Government, LCY Chemical Corp. and CGTD is 4 : 3 : 3 in most judgments. The total amount of compensation that CGTD, LCY Chemical Corp. and the other defendants should pay is around \$401,979 thousand. (In particular, CGTD was exempted to pay \$6,194 thousand according to the court's judgment.) For the civil cases that have been sentenced but not settled, CGTD has filed an appeal and has started the second trial procedure one after another. The rest cases are still under trial in the Court of First Instance (the amount of compensation requested is approximately \$1,912,949 thousand). CGTD has signed a claim settlement agreement with the insurance company in accordance with the proportion of fault liability determined in the first-instance judgment to estimate the amount of settlement for victims and seriously injured and the civil litigation compensation amount (including settled cases). The maximum amount of the insurance compensation was deducted to calculate the amount payable by CGTD and the NT\$136,375 thousand has been included in the estimate on the account. However, the actual settlement and compensation amount described above can only be verified after the proportion of fault liability is determined in the civil judgments.

- (3) TVCM signed an ethylene or dichloroethane purchase contract with CPC Corporation, Formosa Plastics Corporation and Mitsui Corp. The purchase price was negotiated by both parties according to a pricing formula.

### **31. Significant Assets and Liabilities Denominated in Foreign Currencies**

The group entities' significant financial assets and liabilities denominated in foreign currencies and aggregated by foreign currencies other than functional currencies and the related exchange rates. Assets and liabilities with significant impact recognized in foreign currencies are as follows:

# Financial Summary



Unit: Except for the exchange rate, all in thousands

December 31, 2022

	Foreign Currencies	Exchange Rate (In Single Dollars)	Functional Currencies	NT\$
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 40,000	30.710 (USD/NTD)	\$ 1,228,402	\$ 1,228,402
AUD	707	20.830 (AUD/NTD)	14,732	14,732
EUR	574	32.720 (EUR/NTD)	18,769	18,769
USD	301	6.9646 (USD/RMB)	2,093	9,230
GBP	122	37.090 (GBP/NTD)	4,521	4,521
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	24,430	30.710 (USD/NTD)	750,250	750,250
EUR	152	32.720 (EUR/NTD)	4,970	4,970
GBP	19	37.090 (GBP/NTD)	707	707
USD	8	6.9646 (USD/RMB)	55	243

December 31, 2021

	Foreign Currencies	Exchange Rate (In Single Dollars)	Functional Currencies	NT\$
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 63,223	27.680 (USD/NTD)	\$ 1,750,011	\$ 1,750,011
AUD	1,000	20.080 (AUD/NTD)	20,078	20,078
EUR	662	31.320 (EUR/NTD)	20,724	20,724
USD	293	6.3757 (USD/RMB)	1,865	8,098
GBP	91	37.300 (GBP/NTD)	3,398	3,398
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	13,184	27.680 (USD/NTD)	364,934	364,934

For the years ended December 31, 2022 and 2021, net foreign exchange gains (losses) were \$131,531 thousand, and (\$42,924) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and various functional currencies.

## 32. Supplementary Disclosures

(1) Information on Significant Transactions :

- 1) Financing provided to others: Table 1.
- 2) Endorsements/guarantees provided: Table 2.
- 3) Marketable securities held: Table 3.
- 4) Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: Table 4.

- 5) Acquisitions of individual real estate at costs of at least \$300 million or 20% of the paid-in capital: None.
  - 6) Disposals of individual real estate at prices of at least \$300 million or 20% of the paid-in capital: None.
  - 7) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 5.
  - 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 6.
  - 9) Trading in derivative instruments: Note 7.
  - 10) Other: Intercompany relationships and significant intercompany transactions: Table 7.
- (2) Information on investees: Table 8.
- (3) Information on Investments in Mainland China
- 1) Information on any investee company in Mainland China, including the company names, major business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China: Table 9.
  - 2) The following information on any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and their purposes.
    - e) The highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- (4) Information of major shareholders: List of all shareholders with ownership of 5% or greater showing the names and the number shares and percentage of ownership held by each shareholder: Table 10.



### 33. Segment Information

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments, including departments of VCM products and PVC products, under IFRS 8 "Operating Segments" were as follows:

#### (1) Segment revenue and results

The following was an analysis of the Group's revenue and results from operations by reportable segments:

#### 2022

	<u>VCM products</u>	<u>PVC products</u>	<u>Total</u>
Revenue from external customers	\$ 989,215	\$ 16,648,264	\$ 17,637,479
Inter-segment revenue	<u>11,713,237</u>	<u>500,487</u>	<u>12,213,724</u>
Segment revenue	<u>\$ 12,702,452</u>	<u>\$ 17,148,751</u>	29,851,203
Eliminations			( <u>12,213,724</u> )
Consolidated revenue			<u>\$ 17,637,479</u>
Segment loss	( <u>\$ 13,308</u> )	( <u>\$ 971,162</u> )	( \$ 984,470 )
Interest income			10,127
Other income			322,808
Other gains and losses			150,954
Share of profit of associates accounted for using the equity method			10,208
Interest expense			( <u>26,810</u> )
Loss before income tax			( <u>\$ 517,183</u> )

#### 2021

	<u>VCM products</u>	<u>PVC products</u>	<u>Total</u>
Revenue from external customers	\$ 1,007,396	\$ 19,214,128	\$ 20,221,524
Inter-segment revenue	<u>13,657,550</u>	<u>739,576</u>	<u>14,397,126</u>
Segment revenue	<u>\$ 14,664,946</u>	<u>\$ 19,953,704</u>	34,618,650
Eliminations			( <u>14,397,126</u> )
Consolidated revenue			<u>\$ 20,221,524</u>
Segment income	<u>\$ 132,369</u>	<u>\$ 3,184,788</u>	\$ 3,317,157
Interest income			2,235
Other income			103,761
Other gains and losses			( 132,984 )
Share of profit of associates accounted for using the equity method			22,159
Interest expense			( <u>5,294</u> )
Profit before income tax			<u>\$ 3,307,034</u>

Segment profit represented the profit before tax earned by each segment without the share of profit (loss) of associates, interest income, rental income, gain (loss) on disposal of property, plant and equipment, foreign exchange gains (losses), gain (loss) arising from the valuation of financial instruments, and financing costs. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Since the Group's individual segment assets and liabilities were not included in the segment information provided to the chief operating decision-maker, the measured amount of operating segment assets and liabilities was not disclosed herein.

(2) Product information

The Company and its subsidiaries are mainly engaged in the manufacturing and marketing of petrochemical products, which is a single product category. As a result, there is no need to disclosure product information

(3) Region information

The amounts of the Group's revenue from continuing operations from external customers and non-current assets by location are detailed below:

	Revenue from external customers		Non-current assets	
	2022	2021	December 31, 2022	December 31, 2021
Asia	\$ 14,263,500	\$ 15,578,658	\$ 9,067,400	\$ 8,337,701
America	2,033,506	3,361,005	2,601	6,959
Middle East	688,193	510,226	-	-
Africa	362,418	461,107	-	-
Europe	152,308	190,176	-	-
Oceania	137,554	120,352	-	-
	<u>\$ 17,637,479</u>	<u>\$ 20,221,524</u>	<u>\$ 9,070,001</u>	<u>\$ 8,344,660</u>

Non-current assets exclude those which were classified as financial instruments, investment accounted for equity method, deferred income tax assets, and guarantee deposits

(4) Information about major customers

No revenue from a single customer amounted to 10% of the Group's revenue for the years ended December 31, 2022 and 2021.

China General Plastics Corporation and Subsidiaries

Financing Provided to Others

For the Year Ended December 31, 2022

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Table 1

Number	Lender	Borrower	Financial Statement Account	Related party (Yes/No)	Highest Balance Balance for the Period	Balance at the End of the Period	Actual Borrowing Amount	Range of Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
0	China General Plastics Corporation	CGPC Polymer Corporation	Other receivables from related parties	Yes	\$ 300,000	\$ 300,000	\$ -	-	Short-term financing	\$ -	Business turnover	\$ -	-	\$ -	\$ 3,778,709	\$ 3,778,709

Note 1: The Company's latest financial statements were audited or reviewed by CPAs at 40% of the net value.

Note 2: All the transactions were written off when preparing the consolidated financial statements.

**China General Plastics Corporation and Subsidiaries**  
**Endorsements/Guarantees Provided**  
**For the Year Ended December 31, 2022**

Table 2

Unit: NT\$ thousands

Number	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Made for Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual borrowing amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) (Note 2)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement /Guarantee Made by Parent for Subsidiaries	Endorsement /Guarantee Made by Subsidiaries for Parent	Endorsement /Guarantee Made for Companies in Mainland China
		Company Name	Relationship										
0	China General Plastics Corporation	CGPC Polymer Corporation	Subsidiary	\$ 5,668,063	\$ 1,000,000	\$ 600,000	\$ 100,000	None	6.35%	\$ 9,446,772	Yes	No	No

Note 1: The ratio is calculated using the ending balance of equity of the Company as of December 31, 2022.

Note 2: The total amount of guarantee that may be provided by the Company shall not exceed 100% of the Company's net worth stated on the latest financial statements; the total amount of guarantee provided by the Company to any single entity shall not exceed 60% of the Company's net worth stated on the latest financial statements.



## China General Plastics Corporation and Subsidiaries

## Marketable Securities Held

December 31, 2022

Table 3

Unit: NT\$ thousands

Holding Company Name	Type and Name of Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Unit / Share	Carrying Amount	Percentage of Ownership (%)	Fair value	
China General Plastics Corporation	<u>Beneficiary securities</u>							
	Cathay No. 1 Real Estate Investment Trust	—	Financial assets at FVTPL - current	2,997,000	\$ 54,186	-	\$ 54,186	(Note 1)
	<u>Mutual Funds</u>							
	Taishin 1699 Money Market Fund	—	Financial assets at FVTPL - current	9,445,668	130,021	-	130,021	(Note 1)
	Jih Sun Money Market Fund	—	"	7,974,063	120,176	-	120,176	(Note 1)
	CTBC Hua-Win Money Market Fund	—	"	4,475,635	50,030	-	50,030	(Note 1)
	Yuanta De-Li Money Market Fund	—	"	3,019,311	50,028	-	50,028	(Note 1)
	<u>Ordinary shares</u>							
	China Steel Corporation	—	Financial assets at FVTPL - current	350,000	10,430	-	10,430	(Note 1)
	Tungsho Steel Corporation	—	"	95,500	5,033	-	5,033	(Note 1)
	Quanta Storage Inc.	—	"	86,000	3,453	-	3,453	(Note 1)
	<u>Ordinary shares</u>							
Taiwan VCM Corporation	KHL IB Venture Capital Co., Ltd.	—	Financial assets at FVTOCI - non-current	4,977,475	67,644	5.95%	67,644	(Note 1)
	<u>Mutual Funds</u>							
	Taishin Ta-Chong Money Market Fund	—	Financial assets at FVTPL - current	8,593,337	124,011	-	124,011	(Note 1)
	Taishin 1699 Money Market Fund	—	"	8,735,968	120,252	-	120,252	(Note 1)
	Yuanta De-Li Money Market Fund	—	"	6,037,918	100,045	-	100,045	(Note 1)
	Hua Nan Phoenix Money Market Fund	—	"	2,119,619	35,015	-	35,015	(Note 1)
	<u>Ordinary shares</u>							
	Asia Polymer Corporation	The major shareholders are the same as the those of the Company	Financial assets at FVTOCI - non-current	130,244	3,673	0.02%	3,673	(Note 1)
CGPC Polymer Corporation	<u>Mutual Funds</u>							
	Cathay Taiwan Money Market Fund	—	Financial assets at FVTPL - current	3,963,221	50,013	-	50,013	(Note 1)
	Yuanta De-Li Money Market Fund	—	"	1,811,091	30,009	-	30,009	(Note 1)
CGPC (BVI) Holding Co., Ltd.	<u>Ordinary shares</u>							
	Teratech Corporation	—	Financial assets at FVTPL - non-current	112,000	-	0.67%	-	(Notes 1 and 3)
	SOHware, Inc - preferred shares	—	"	100,000	-	-	-	(Notes 1, 2, and 3)

Note 1: The marketable securities were not pledged as guarantees or collateral for borrowings and are not subject to restrictions.

Note 2: The preferred shares are not used in the calculation of the shareholding ratio.

Note 3: As of December 31, 2022, the Group evaluates the fair value of the equity instrument as \$0.

**China General Plastics Corporation and Subsidiaries**  
**Marketable Securities Acquired and Disposed of at Costs and Prices of at Least NT\$300 Million or 20% of the Paid-in Capital**  
**For the Year Ended December 31, 2022**

Table 4 Unit: NT\$ thousands

Buyer/Seller	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note)		Acquisition		Disposal				Ending Balance (Note)	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain on disposal	Shares	Amount
China General Plastics Corporation	<u>Mutual Funds</u> UPAMC James Bond Money Market Fund	Financial assets at FVTPL - current	—	—	-	\$ -	17,771,179	\$ 300,000	17,771,179	\$ 300,027	\$ 300,000	\$ 27	-	\$ -
Taiwan VCM Corporation	<u>Mutual Funds</u> Yuanta De-Li Money Market Fund	Financial assets at FVTPL - current	—	—	-	-	46,786,806	773,000	40,748,888	673,260	673,000	260	6,037,918	100,000
	Taishin Ta-Chong Money Market Fund	//	—	—	-	-	27,582,127	397,000	18,988,790	273,386	273,200	186	8,593,337	123,800
CGPC Polymer Corporation	<u>Mutual Funds</u> FSITC Taiwan Money Market Fund	Financial assets at FVTPL - current	—	—	6,464,876	100,000	15,826,464	245,000	22,291,340	345,074	345,000	74	-	-

Note: The amount refers to the original acquisition cost.

China General Plastics Corporation and Subsidiaries

Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2022

Table 5

Unit: NT\$ thousands

Buyer/Seller	Counterparty	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivables (Payables)		Note
			Purchase / Sales	Amount	Ratio to Total Purchase / Sales	Payment Terms	Unit Price	Payment Terms	Balance	Ratio to Total Notes or Trade Receivable (payable)	
China General Plastics Corporation Taiwan VCM Corporation	CGPC America Corporation	Subsidiary	Sales	( \$ 452,012 )	( 4% )	90 days	No major difference	No major difference	\$ 144,312	14%	(Note)
	China General Plastics Corporation	Parent company	Sales	( 6,196,440 )	( 49% )	45 days	"	"	790,837	47%	(Note)
	CGPC Polymer Corporation	Fellow subsidiary	Sales	( 5,516,012 )	( 44% )	45 days	"	"	732,016	43%	(Note)
	Fujian Gulei Petrochemical Co., Ltd.	Related party in substance	Purchases	1,071,372	10%	Sight Letter of Credit	"	"	-	-	—

Note: All the transactions were written off when preparing the consolidated financial statements.

**China General Plastics Corporation and Subsidiaries**  
**Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital**  
**December 31, 2022**

Table 6

Unit: NT\$ thousands

Company Name	Counterparty	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Treatment Method		
China General Plastics Corporation	CGPC America Corporation	Subsidiary	Trade receivables - related parties \$ 144,312	2.71	\$ -	—	\$ 60,571	Note 1
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Trade receivables - related parties 790,837	5.43	-	—	790,837	Note 1
	CGPC Polymer Corporation	Fellow subsidiary	Trade receivables - related parties 732,016	5.27	-	—	732,016	Note 1

Note 1: There is no allowance for impairment loss after an impairment assessment.

Note 2: The subsequent period is between January 1 and February 18, 2023.

Note 3: All the transactions were written off when preparing the consolidated financial statements.

**China General Plastics Corporation and Subsidiaries**  
**Intercompany Relationships and Significant Intercompany Transactions**  
**For the Year Ended December 31, 2022**

Table 7

Unit: NT\$ thousands

Number (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount	Transaction Terms	% of Total Sales or Asset (Note 3)
0	China General Plastics Corporation	Taiwan VCM Corporation	1	Trade payables to related parties	\$ 790,837	No major difference	5%
			1	Purchases	6,196,440	"	35%
		CGPC America Corporation	1	Trade receivables from related parties	144,312	"	1%
			1	Sales revenue	452,012	"	3%
		CGPC Polymer Corporation	1	Other receivables from related parties	1,099	"	-
			1	Trade payables to related parties	5,074	"	-
			1	Purchases	48,475	"	-
		Global Green Technology Corporation	1	Other expenses	737	"	-
1	Taiwan VCM Corporation	Global Green Technology Corporation	3	Other receivables from related parties	15,753	"	-
			3	Other income	15,000	"	-
2	CGPC Polymer Corporation	Taiwan VCM Corporation	3	Trade payables to related parties	732,016	"	4%
			3	Other receivables from related parties	34,435	"	-
			3	Purchases	5,516,012	"	31%
			3	Rental income	1,752	"	-

Note 1: The information correlation between the numeral and the entity are stated as follows:

1. The parent company: 0.
2. The subsidiaries: 1 onward.

Note 2: The direction of the investment is as follows:

1. The parent company to its subsidiary.
2. The subsidiary to the parent company.
3. Between subsidiaries.

Note 3: The ratio of transactions related to total sales revenue or assets is calculated as follows: a. Assets or liabilities: The ratio was calculated based on the ending balance of total consolidated assets; and b. Income or loss: The ratio was calculated based on the midterm accumulated amount of total consolidated sales revenue.

**China General Plastics Corporation and Subsidiaries**  
**Information on Investees**  
**For the Year Ended December 31, 2022**

Table 8

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investor Company	Investee Company	Location	Business Content	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Shares	%	Carrying Amount			
China General Plastics Corporation	Taiwan VCM Corporation	No. 1, Gongye 1st Rd., Linyuan Dist., Kaohsiung City 832, Taiwan (R.O.C.)	Manufacturing and marketing of VCM	\$ 2,933,648	\$ 2,933,648	259,591,005	87.27%	\$ 4,076,858	\$ 21,552	\$ 223,093	Subsidiary
	CGPC Polymer Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacturing & marketing of PVC resins	800,000	800,000	100,000,000	100%	701,707	( 522,042 )	( 522,042 )	Subsidiary
	CGPC ( BVI ) Holding Co., Ltd.	Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	Reinvestment	1,073,906	1,073,906	16,308,258	100%	333,626	( 24,490 )	( 24,490 )	Subsidiary
	China General Terminal & Distribution Corporation	No. 1, Jianji St., Qianzhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)	Warehousing and transportation of petrochemical raw materials	41,106	41,106	23,892,872	33.33%	355,611	29,772	9,924	Associate accounted for using the equity method
	CGPC America Corporation	1181 California Ave., Suite 235 Corona, CA 92881	Marketing of PVC film and leather products	648,931	648,931	100	100%	186,395	( 47,522 )	( 47,522 )	Subsidiary
	Acme Electronics Corporation	8F., No. 39, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacturing and marketing of Mn-Zn and Ni-Zn ferrite cores	33,995	33,995	3,176,019	1.74%	23,911	16,348	284	Associate accounted for using the equity method
Taiwan VCM Corporation	Global Green Technology Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Environmental detection services	50,000	-	5,000,000	100%	52,642	2,642	-	Subsidiary

Note 1: All the transactions were written off when preparing the consolidated financial statements.

**China General Plastics Corporation and Subsidiaries**  
**Information on Investments in Mainland China**  
**For the Year Ended December 31, 2022**

Table 9

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investee Company	Business Content	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note 1)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Note 1)	Net Income (Loss) of Investee	Ownership Percentage of Direct or Indirect Investment	Investment Gain(Loss) (Note 5)	Carrying Amount as of December 31, 2022 (Notes 1)	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outflow	Inflow						
Continental General Plastics (Zhong Shan) Co., Ltd. ("CGPC (ZS)") (Note 4)	Manufacturing and marketing of PVC film and consumer products	\$ 614,200 (US\$ 20,000 thousand )	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	\$ 614,200 (US\$ 20,000 thousand )	\$ -	\$ -	\$ 614,200 (US\$ 20,000 thousand )	(\$ 26,469) (US\$ -865 thousand )	100%	(\$ 26,469) (US\$ -865 thousand )	\$ 240,228 (US\$ 7,823 thousand )	\$ -
CGPC Consumer Products Corporation ("CGPC (CP)") (Note 4)	Manufacturing and marketing of PVC consumer products	46,065 (US\$ 1,500 thousand )	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	46,065 (US\$ 1,500 thousand )	-	-	46,065 (US\$ 1,500 thousand )	653 (US\$ 22 thousand )	100%	653 (US\$ 22 thousand )	14,317 (US\$ 466 thousand )	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (Notes 1 and 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
\$ 831,688 ( US\$ 27,082 thousand )	\$ 964,294 ( US\$ 31,400 thousand )	\$ -

Note 1: The calculation was based on the spot exchange rate of December 31, 2022.

Note 2: As the Company has obtained the certificate of qualification for operating headquarters issued by the Industrial Development Bureau, MOEA No. 10920426850 on September 8, 2020, the upper limit on investment is not applicable.

Note 3: QuanZhou Continental General Plastics Co., Ltd. ("CGPC (QZ)") and Union (Zhong Shan) Co., Ltd. ("Union (ZS)") completed dissolution procedures, and CGPC (BVI) retrieved the residual assets. The shares of Continental General Plastics (San He) Co., Ltd. ("CGPC (SH)") were fully sold, and CGPC (BVI) retrieved the residual assets. However, the amount of capital has not been wired back to Taiwan. The accumulated amount includes the investment amount of CGPC (QZ) of US\$684 thousand, the investment amount of Union (ZS) of US\$898 thousand, and the investment amount of CGPC (SH) of US\$4,000 thousand.

Note 4: The investment income (loss) recognized in 2022 is based on the financial statements audited by the parent company's CPA.

Note 5: All the transactions were written off when preparing the consolidated financial statements.

**China General Plastics Corporation**

**Information on Major Shareholders**

**December 31, 2022**

Table 10

Names of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership
Union Polymer International Investment Corporation	145,079,236	24.97%
Asia Polymer Corporation	46,886,185	8.06%

Note: The information in this table refers to a total of holding shares of more than 5 percent of the Company's non- physical shares of common stock and preferred stock that have completed registration and delivery (including treasury shares), in accordance with the last business day of the end of the quarter of the Taiwan Depository & Clearing Corporation. The share capital recorded in the Company's consolidated financial report and the actual number of non-physical shares that have been registered and delivered may be different due to the different calculation basis.





## 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, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("The Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 of the Company for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the financial statements of the Company for the year ended December 31, 2022 are stated as follows:

#### Authenticity of regional sales revenue recognition for specific products

The Company's sales revenue in 2022 decreased compared to the same period of last year. The sales revenue of specific products in specific regions increased significantly compared to the same period of last year, which had a significant impact on the sales revenue and financial results of the Company. Therefore, authenticity of revenue recognition for the sales to those customers is identified as one of the key audit matters.

Please refer to Notes 4 and 19 for relevant accounting policies and information in relation to revenue recognition.

We have performed the following audit procedures to validate authenticity of revenue recognition:

1. We studied and tested the internal control mechanism to monitor authenticity of revenue recognition, and assessed the effectiveness of its design and implementation. We evaluated the appropriateness of revenue recognition accounting policies adopted by management.
2. We reviewed original orders, shipping documents, and invoice to verify the authenticity of revenue recognition.
3. We inspected the receipt documents and the occurrence of sales returns and allowances post sales, and confirmed whether there were any irregularities.

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

To ensure that the financial statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for preparing and maintaining necessary internal control procedures pertaining to the financial statements.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the 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 misstatements, 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 evaluate the risk of material misstatements due to fraud or error in the financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit 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 controls 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 internal controls of the Company.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of the management's use of the going concern basis of

## Financial Summary



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 operate 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 expression, structure and contents of the financial statements (including relevant Notes), and whether the financial statements fairly present relevant transactions and items.
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 and for expressing an opinion on the financial statements of the Company.

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 the key audit matters of the Company's the financial statements for the year ended December 31, 2022 .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

Securities and Futures 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 10, 2023

**Notice to Readers:**

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## China General Plastics Corporation

## Balance Sheets

December 31, 2022 and 2021

Unit: NT\$ thousands

CODE	ASSETS	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	\$ 96,210	1	\$ 472,412	3
1110	Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	423,357	3	289,388	2
1150	Notes receivables (Note 9)	128,386	1	195,162	2
1170	Trade receivables (Notes 9 and 25)	880,120	7	1,197,720	8
1200	Other receivables (Notes 9 and 25)	34,690	-	73,172	1
1220	Current tax assets (Note 21)	273	-	-	-
1310	Inventories (Notes 5 and 10)	1,118,032	9	1,363,980	9
1410	Prepayments	30,343	-	27,299	-
1470	Other current assets	1,085	-	761	-
11XX	Total current assets	<u>2,712,496</u>	<u>21</u>	<u>3,619,894</u>	<u>25</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Note 8)	67,644	1	82,377	1
1550	Investments accounted for using the equity method (Note 11)	5,678,108	44	7,051,879	48
1600	Property, plant and equipment (Notes 12 and 25)	3,868,478	30	3,454,391	23
1760	Investment properties (Note 13)	243,421	2	257,019	2
1840	Deferred tax assets (Notes 21)	227,145	2	210,021	1
1990	Other non-current assets (Note 26)	8,892	-	10,209	-
15XX	Total non-current assets	<u>10,093,688</u>	<u>79</u>	<u>11,065,896</u>	<u>75</u>
1XXX	Total Assets	<u>\$ 12,806,184</u>	<u>100</u>	<u>\$ 14,685,790</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	Current Liabilities				
2100	Short-term borrowings (Note 14)	\$ 190,000	1	\$ -	-
2170	Trade payables (Note 15)	217,151	2	211,195	1
2180	Trade payables to related parties (Notes 15 and 25)	803,425	6	1,509,369	10
2200	Other payables (Note 16)	420,228	3	561,648	4
2220	Other payables to related parties (Note 25)	6,480	-	3,263	-
2230	Current tax liabilities (Note 21)	-	-	161,641	1
2300	Other current liabilities (Note 19)	92,671	1	102,305	1
21XX	Total current liabilities	<u>1,729,955</u>	<u>13</u>	<u>2,549,421</u>	<u>17</u>
	Non-current liabilities				
2540	Long-term borrowings (Note 14)	792,549	6	-	-
2570	Deferred tax liabilities (Note 21)	483,809	4	485,251	4
2640	Net defined benefit liabilities (Note 17)	328,679	3	481,726	3
2670	Other non-current liabilities	24,420	-	6,415	-
25XX	Total non-current liabilities	<u>1,629,457</u>	<u>13</u>	<u>973,392</u>	<u>7</u>
2XXX	Total Liabilities	<u>3,359,412</u>	<u>26</u>	<u>3,522,813</u>	<u>24</u>
	Equity (Note 18)				
3110	Ordinary share	5,810,505	45	5,810,505	40
3200	Capital surplus	14,556	-	12,002	-
	Retained earnings				
3310	Legal reserve	1,117,245	9	870,332	6
3320	Special reserve	408,223	3	408,223	3
3350	Unappropriated retained earnings	2,029,080	16	3,981,643	27
3300	Total retained earnings	<u>3,554,548</u>	<u>28</u>	<u>5,260,198</u>	<u>36</u>
3400	Other equity	67,163	1	80,272	-
3XXX	Total equity	<u>9,446,772</u>	<u>74</u>	<u>11,162,977</u>	<u>76</u>
	Total liabilities and equity	<u>\$ 12,806,184</u>	<u>100</u>	<u>\$ 14,685,790</u>	<u>100</u>

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

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**China General Plastics Corporation**  
**Statements of Comprehensive Income**  
**For the Years Ended December 31, 2022 and 2021**

Unit: NT\$ thousands, except Earnings (Losses) Per Share

CODE		2022		2021	
		Amount	%	Amount	%
4100	Net revenue (Notes 19 and 25)	\$ 10,186,976	100	\$ 11,487,847	100
5110	Cost of revenue (Notes 10, 20, and 25)	<u>9,698,041</u>	<u>95</u>	<u>9,876,746</u>	<u>86</u>
5900	Gross profit	488,935	5	1,611,101	14
5910	Realized (unrealized) gains from sales	<u>9,953</u>	<u>-</u>	<u>( 28,022 )</u>	<u>-</u>
5950	Realized gross profit	<u>498,888</u>	<u>5</u>	<u>1,583,079</u>	<u>14</u>
	Operating expenses (Notes 20 and 25)				
6100	Selling and marketing expenses	538,487	5	610,061	6
6200	General and administrative expenses	142,246	2	139,521	1
6300	Research and development expenses	<u>28,239</u>	<u>-</u>	<u>31,954</u>	<u>-</u>
6000	Total operating expenses	<u>708,972</u>	<u>7</u>	<u>781,536</u>	<u>7</u>
6900	Profit (loss) from operations	<u>( 210,084 )</u>	<u>( 2 )</u>	<u>801,543</u>	<u>7</u>
	Non-operating income and expenses (Notes 20 and 25)				
7100	Interest income	2,828	-	1,126	-
7010	Other income	60,539	1	53,569	-
7020	Other gains and losses	93,612	1	( 45,829 )	-
7060	Share of profit (loss) of subsidiaries and associates accounted for using the equity method	( 360,753 )	( 4 )	1,811,998	16
7510	Interest expense	<u>( 5,175 )</u>	<u>-</u>	<u>( 442 )</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>( 208,949 )</u>	<u>( 2 )</u>	<u>1,820,422</u>	<u>16</u>
7900	Profit (loss) before income tax	( 419,033 )	( 4 )	2,621,965	23
7950	Income tax (benefit) expense (Note 21)	<u>( 48,786 )</u>	<u>-</u>	<u>153,289</u>	<u>2</u>
8200	Net Profit (Loss) for the year	<u>( 370,247 )</u>	<u>( 4 )</u>	<u>2,468,676</u>	<u>21</u>
	Other comprehensive income (loss) (Notes 17, 18 and 21)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	112,020	1	4,532	-
8316	Unrealized losses on investments in equity instruments at FVTOCI	( 14,733 )	-	( 44,905 )	-
8326	Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method unrealized gains (losses) on investments in equity instruments at FVTOCI	( 31,976 )	-	38,864	-
8331	Share of other comprehensive income of subsidiaries and associates accounted for using the equity method- remeasurement of defined benefit plans	25,755	-	( 3,175 )	-
8349	Income tax relating to items that will not reclassified subsequently to profit or loss	<u>( 20,552 )</u>	<u>-</u>	<u>( 906 )</u>	<u>-</u>
8310		<u>70,514</u>	<u>1</u>	<u>( 5,590 )</u>	<u>-</u>
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	41,526	-	( 11,080 )	-
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	379	-	( 338 )	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	<u>( 8,305 )</u>	<u>-</u>	<u>2,216</u>	<u>-</u>
8360		<u>33,600</u>	<u>-</u>	<u>( 9,202 )</u>	<u>-</u>
8300	Other comprehensive income (loss) for the year, net of income tax	<u>104,114</u>	<u>1</u>	<u>( 14,792 )</u>	<u>-</u>
8500	Total comprehensive income (loss) for the year	<u>( \$ 266,133 )</u>	<u>( 3 )</u>	<u>\$ 2,453,884</u>	<u>21</u>
	Earnings (losses) per share (Note 22)				
9750	Basic	<u>( \$ 0.64 )</u>		<u>\$ 4.25</u>	
9850	Diluted	<u>( \$ 0.64 )</u>		<u>\$ 4.24</u>	

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China General Plastics Corporation  
Statements of Changes in Equity  
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousands

CODE		Capital surplus				Retained earnings				Other equity			
		Ordinary share	Unpaid Dividends	Others	Total	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets at FVTOCI	Total	Total equity
A1	Balance as of January 1, 2021	\$ 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
	Appropriation and distribution of earnings for 2020												
B1	Legal reserve	-	-	-	-	165,369	-	( 165,369)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	( 996,086)	( 996,086)	-	-	-	( 996,086)
B9	Share dividends distributed by the Company	276,691	-	-	-	-	-	( 276,691)	( 276,691)	-	-	-	-
C17	Other changes in capital surplus	-	1,412	-	1,412	-	-	-	-	-	-	-	1,412
M5	Acquisition of part of the equity of subsidiaries	-	-	252	252	-	-	-	-	-	-	-	252
D1	Net Profit in 2021	-	-	-	-	-	-	2,468,676	2,468,676	-	-	-	2,468,676
D3	Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	-	-	451	451	( 9,202)	( 6,041)	( 15,243)	( 14,792)
D5	Total comprehensive income (loss) in 2021	-	-	-	-	-	-	2,469,127	2,469,127	( 9,202)	( 6,041)	( 15,243)	2,453,884
Z1	Balance as of December 31, 2021	5,810,505	11,436	566	12,002	870,332	408,223	3,981,643	5,260,198	( 52,461)	132,733	80,272	11,162,977
	Appropriation and distribution of earnings for 2021												
B1	Legal reserve	-	-	-	-	246,913	-	( 246,913)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	( 1,452,626)	( 1,452,626)	-	-	-	( 1,452,626)
C17	Other changes in capital surplus	-	2,436	118	2,554	-	-	-	-	-	-	-	2,554
D1	Net loss in 2022	-	-	-	-	-	-	( 370,247)	( 370,247)	-	-	-	( 370,247)
D3	Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	-	-	117,223	117,223	33,600	( 46,709)	( 13,109)	104,114
D5	Total comprehensive income (loss) in 2022	-	-	-	-	-	-	( 253,024)	( 253,024)	33,600	( 46,709)	( 13,109)	( 266,133)
Z1	Balance as of December 31, 2022	\$ 5,810,505	\$ 13,872	\$ 684	\$ 14,556	\$ 1,117,245	\$ 408,223	\$ 2,029,080	\$ 3,554,548	(\$ 18,861)	\$ 86,024	\$ 67,163	\$ 9,446,772

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**China General Plastics Corporation**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2022 and 2021**

Unit: NT\$ thousands

CODE		2022	2021
	Cash flows from operating activities		
A10000	Profit (loss) before income tax	( \$ 419,033 )	\$ 2,621,965
A20010	Adjustments for:		
A20100	Depreciation expenses	238,450	225,571
A20200	Amortization expense	59	46
A20400	Net loss (gain) on fair value change on financial instruments at FVTPL	31,715	( 17,239 )
A20900	Interest expense	5,175	442
A21200	Interest income	( 2,828 )	( 1,126 )
A21300	Dividend income	( 8,203 )	( 34,216 )
A22400	Share of loss (profit) of subsidiaries and associates accounted for using the equity method	360,753	( 1,811,998 )
A22500	Gain on disposal of property, plant and equipment	( 5,297 )	( 2,663 )
A23700	Provision for write-downs of inventories and obsolescence losses	55,776	15,598
A23900	(Realized) unrealized gains from sales	( 9,953 )	28,022
A30000	Net changes in operating assets and liabilities		
A31115	Financial Instruments at FVTPL	( 165,684 )	87,445
A31130	Notes receivable	66,776	( 32,523 )
A31150	Trade receivables (including related parties)	317,600	( 41,607 )
A31180	Other receivables (including related parties)	38,469	( 24,686 )
A31200	Inventories	190,172	( 753,132 )
A31230	Prepayments	( 3,044 )	( 13,404 )
A31240	Other current assets	( 324 )	415
A32150	Trade payables (including related parties)	( 699,988 )	363,374
A32180	Other payables (including related parties)	( 127,011 )	85,594
A32230	Other current liabilities	( 9,634 )	56,716
A32240	Net defined benefit liabilities	( 41,027 )	( 43,939 )
A33000	Cash generated from (used in) operating	( 187,081 )	708,655
A33100	Interest received	2,841	1,111
A33300	Interest paid	( 4,422 )	( 442 )
A33500	Income tax paid	( 160,551 )	( 28,378 )
AAAA	Net cash generated from (used in) operating activities	( 349,213 )	680,946

(Continued)



# Financial Summary



CODE		2022	2021
	Cash flows from investing activities		
B00030	Return of capital from financial assets at FVTOCI	\$ -	\$ 10,449
B02700	Payments for property, plant and equipment	( 651,765 )	( 362,945 )
B02800	Proceeds from disposal of property, plant and equipment	5,619	2,977
B03700	Increase in refundable deposits	( 26,928 )	( 43,515 )
B03800	Decrease in refundable deposits	28,378	44,472
B04500	Acquisition of intangible assets	( 192 )	-
B07600	Dividends received	<u>1,066,976</u>	<u>890,189</u>
BBBB	Net cash generated from investing activities	<u>422,088</u>	<u>541,627</u>
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	190,000	-
C01600	Proceeds from long-term borrowings	1,969,400	-
C01700	Repayments of long-term borrowings	( 1,170,000 )	-
C03000	Increase in guarantee deposits received	12,085	2,395
C03100	Decrease in guarantee deposits received	( 1,140 )	( 314 )
C04400	Increase (decrease) in other non-current liabilities	( 4 )	46
C04500	Dividends paid	( 1,449,418 )	( 995,375 )
C05400	Acquisition of subsidiaries	<u>-</u>	<u>( 2,653 )</u>
CCCC	Net cash used in financing activities	<u>( 449,077 )</u>	<u>( 995,901 )</u>
EEEE	Net (decrease) increase in cash and cash equivalents	( 376,202 )	226,672
E00100	Cash and cash equivalents at the beginning of the year	<u>472,412</u>	<u>245,740</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 96,210</u>	<u>\$ 472,412</u>

(Concluded)

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### **China General Plastics Corporation**

#### **Notes to Financial Statements**

#### **For the Years Ended December 31, 2022 and 2021**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

### **1. Company History**

China General Plastics Corporation ("the Company") was incorporated and began operations on April 29, 1964. The Company mainly engages in the production and sale of PVC films, PVC leather, PVC pipes, PVC compounds, PVC resins, construction products, chlor-alkali products and other related products.

The Company's ordinary shares have been listed on the Taiwan Stock Exchange since March 1973.

The functional currency of the Company is the New Taiwan dollar, and the financial statements of the Company are presented in the Company's functional currency.

### **2. Date and Procedures of Authorization of Financial Statements**

The financial statements have been approved by the Board of Directors on March 2, 2023.

### **3. Application of New, Amended, and Revised Standards and Interpretations**

- (1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies.

- (2) The IFRSs endorsed by the FSC for application starting from 2023

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Income Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1. The amendments shall be applied for the annual reporting periods beginning on or after January 1, 2023.

Note 2. The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning on or after January 1, 2023.

Note 3. Except for the recognition of deferred tax on temporary differences between lease and decommissioning obligations on January 1, 2022, the amendments are applicable to transactions that occur after January 1, 2022.

## Financial Summary



As of the date the financial statements were authorized for issue, according to the Company's assessment, the amendments to the above standards and interpretations will have no significant impact on the Company's financial position and financial performance.

- (3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	Yet to be decided
Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Contract Terms"	January 1, 2024

Note 1. Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

Note 2. The seller, who is also the lessee, should retrospectively apply the amendments to IFRS 16 for a sale and leaseback transaction entered into after the date of the initial application of IFRS 16.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. Summary of Significant Accounting Policies

- (1) Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

- (2) Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurement is classified into three levels based on the observability and importance of related inputs:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., prices) or indirectly (i.e.,

derived from prices); and

- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the financial statements, the Company adopts the equity method for investments in subsidiaries, associates, or joint ventures. In order to align profit or loss, other comprehensive income, and equity from the current year in the financial statements with those attributable to the Company's owners, the differences in accounting treatment with individual and consolidated basis have led to adjustments in "investments accounted for using the equity method", "share of profit or loss of subsidiaries and associates accounted for using the equity method", "share of other comprehensive income of subsidiary and associates accounted for using the equity method" and related equity items.

- (3) Standards for assets and liabilities classified as current and non-current

Current assets include:

- 1) Assets held primarily for trading purposes;
- 2) Assets expected to be realized within 12 months after the balance sheet date; and
- 3) Cash and cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

- 1) Liabilities held primarily for trading purposes;
- 2) Liabilities with settlement within 12 months after the balance sheet date; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

All other assets or liabilities that are not specified above are classified as non-current.

- (4) Foreign Currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences arising from settlement or translation of monetary items are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss. For items whose changes in fair value are recognized in other comprehensive income, the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not re-translated.



In the preparation of the financial statements, the assets and liabilities of foreign operations (including subsidiaries and associates that operate in a country or currency different from the Company) are translated into the New Taiwan dollar at the closing rate of exchange prevailing on the balance sheet date. Income and expenses are translated at the average rate of the year. The exchange differences arising are recognized in other comprehensive income.

### (5) Inventories

Inventories comprise raw materials, finished goods and work in process. Inventories are measured at the lower of cost and net realizable value. The comparison between costs and net realizable values is based on individual items except for the same type of inventory. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated cost necessary to make the sale. Inventory costs are calculated using the weighted average method.

### (6) Investments in subsidiaries

The Company has adopted the equity method for investments in subsidiaries.

Subsidiaries refer to entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost. The carrying amount of investment is adjusted thereafter for the post-acquisition changes in the Company's share of profit or loss and other comprehensive income and profit distribution of the subsidiaries. In addition, changes in the Company's share of subsidiaries' other equity are recognized in proportion to its shareholding ratio.

Changes in the Company's ownership interest in subsidiaries that do not result in the Company losing control of the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company shall continue to recognize losses based on the shareholding percentage.

When the Company assesses impairment, the test shall be performed on the basis of cash generating units within the financial statements. The recoverable amount and the carrying amount of cash generating units shall be compared. Subsequently, if the recoverable amount of an asset increases, the recovery of the impairment loss shall be recognized as an advantage, provided that the carrying amount of the asset recovered from the impairment loss shall not exceed the carrying amount of the asset to be amortized if the impairment loss is not recognized.

The unrealized profit or loss in downstream transactions between the Company and the subsidiary shall be eliminated in the financial statements. The gains and losses arising from the countercurrent and side current transactions between the Company and its subsidiaries shall be recognized in the financial statements only to the extent not related to the Company's equity in the subsidiaries.

### (7) Investments in associates

An associate is an entity over which the Company has significant influence other than a subsidiary.

The Company accounts for investments in associates using the equity method.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. In addition, equity changes in associates are recognized based on the shareholding ratio.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

To assess impairment, the Company has to consider the overall carrying amount of the investment as a single asset to compare the recoverable and carrying amounts. The impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of investment.

The Company shall cease the use of equity method from the date when its investment is no longer an associate. Its retained interest in the associate is measured at fair value, and the difference between the fair value and the carrying amount of the investment and the carrying amount of the investment at the date of acquisition of the equity method is included in profit or loss for the current period. In addition, the Company shall account for all the amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the an associate had directly disposed of the related assets or liabilities.

Profits and losses in upstream, downstream and side-stream transactions between the Company and associates are recognized in the financial statements only to the extent that the profits and losses are irrelevant to the Company's interests in the associates.

(8) Property, plant and equipment

Property, plant, and equipment shall be recognized at cost and subsequently at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are recognized at cost less accumulated impairment loss. The cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except freehold land, each significant part of property, plant, and equipment is separately depreciated over its useful life on a straight-line basis. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

When property, plant, and equipment is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.



(9) Investment Properties

Investment properties are real estate held for rent or capital appreciation or both.

Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

The investment properties are depreciated on a straight-line basis.

When investment properties are derecognized, the difference between the net disposal proceeds and the carrying amount of the property shall be recognized in profit or loss of the current year.

(10) Impairment of property, plant, equipment and investment property

At the end of each reporting date, the Company reviews the carrying amounts of its property, plant, and equipment as well as investment property to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to individual cash-generating units when they can be allocated to the cash-generating units on a reasonable and consistent basis. Otherwise, they can be allocated to the smallest group of cash-generating units on a reasonable and consistent basis.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash-generating unit is lower than its carrying amount, the carrying amount of the asset or the cash-generating unit shall be reduced to the recoverable amount and the impairment loss shall be recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or the related asset of the cash-generating unit will be reduced to the extent of recoverable amount prior to revision, provided the increased carrying amount does not exceed the carrying amount (minus amortization or depreciation) of the asset or of the related asset of the cash-generating unit not declared as impairment loss in the previous years. A reversal of an impairment loss is recognized in profit or loss.

(11) Financial Instruments

Financial assets and financial liabilities are recognized in the balance sheets when the Company becomes a party to the contractual provisions of the instruments.

When showing the original financial assets and liabilities, if their fair value was not assessed based on profit or loss, it is the fair value plus the cost of transaction, that is, of its acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

I) Types of measurement

The types of financial assets held by the Company are financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

A. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets that are mandatorily measured at FVTPL include investments in equity instruments that are not designated to be measured at FVTOCI and investments in debt instruments that do not qualify for classification as measured at amortized cost or measured at FVTOCI.

Financial assets at FVTPL are measured at fair value. Any gain or loss of remeasurements (excluding any stock dividends or interests from the said assets) are recognized in profit or loss. Fair value is determined in the manner described in Note 24.

B. Financial assets at amortized cost

When the Company's investments in financial assets match the following two conditions simultaneously, they are classified as financial assets at amortized cost:

- a. Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flows; and
- b. The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost, including cash and cash equivalents, notes receivables, accounts receivable, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method, less any impairment loss. Exchange differences are recognized in profit or loss.

Except for the following two circumstances, interest income is calculated at the value of effective interest rate times the gross carrying amount of financial assets:

- a. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
- b. Financial assets that are not credit impairment from purchases or at the time of founding but subsequently become credit impairments shall be calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

A credit-impaired financial asset refers to the situation where the issuer or debtor has experienced significant financial difficulties or defaults and therefore the debtor is likely to file for bankruptcy or declare financial restructuring, or the disappearance of an active market for that financial asset due to financial difficulties has occurred.





Cash equivalents refer to time deposits that are highly liquid and readily convertible to known amounts of cash subject to an insignificant risk of changes in value. Time deposits are held for the purpose of fulfilling short-term cash commitment.

### C. Investments in Equity Instruments at FVTOCI

On initial recognition, the Company has an irrevocable option to designate the investment in equity instruments that are not held-for-trading and not contingent consideration recognized by the acquirer in a business combination, to be measured at fair value through other comprehensive income.

Investments in equity instruments at fair value through other comprehensive income are measured at fair value, and any subsequent fair value changes are recognized in other comprehensive income and accumulated in other equity. When the investment is disposed of, the cumulative profit or loss is directly transferred to retained earnings and not reclassified to profit or loss.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

## II) Impairment of financial assets

The impairment loss of financial assets at amortized cost (including trade receivables) is measured by the Company on the balance sheet date based on the expected credit losses.

Allowances shall be appropriated for accounts receivable for expected credit losses for the duration of their existence. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit losses represent the expected credit losses arising from the possible default of the financial instrument in the 12 months after the balance sheet date, and the expected credit losses during the lifetime represent the expected credit losses arising from all possible defaults of the financial instrument during the expected existence period.

For the purpose of internal credit risk management, under the premise that the collateral held is not under consideration, the Company determines that the financial assets have breached the contract by the following circumstances:

- A. Internal or external information indicates that the debtor is unlikely to pay its creditors.
- B. The underlying debt is overdue for a specified number of days, unless there is reasonable and supportable information indicating that a delayed basis of default is more appropriate.

The impairment loss of all financial assets is reduced based on the allowance account.

### III) Derecognition of financial assets

The Company derecognizes the financial assets when the contractual rights to the cash flow from the said financial assets expire or when the Company transfers almost all the risks and rewards of ownership of the financial assets to other enterprises.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss. Through the full derecognition of the investments in equity instruments at fair value through other comprehensive income, the cumulative profit or loss is directly transferred to retained earnings and not reclassified to profit or loss.

#### 2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received after deducting direct issue costs.

#### 3) Financial liabilities

##### I) Subsequent measurement

Except for the following circumstances, financial liabilities are assessed at amortized cost using the effective interest method.

##### Financial liabilities at FVTPL

Financial liabilities at FVTPL are held for trading.

Financial liabilities held for trading are measured at fair value, and their gains or losses arising from remeasurement are recognized in other gains and losses. Fair value is determined in the manner described in Note 24.

##### II) Derecognition of financial liabilities

When financial liabilities are derecognized, the difference between their carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) shall be recognized in profit or loss.

#### 4) Derivative financial assets

Derivative instruments entered into by the Company include forward foreign exchange contracts, which are used to manage the Company's exchange rate risk.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss. When the fair value of derivative financial instrument is positive, the derivative is recognized as a financial asset. When the fair value of derivative financial instrument is negative, the derivative is recognized as a financial liability.

### (12) Revenue recognition

After the Company identifies its performance obligations in contracts with customers, it shall amortize the transaction costs to each obligation in the contract and recognize revenue upon satisfaction of performance obligations. Refund liabilities are provided based on past experience and other relevant factors to reasonably estimate the amount of future returns.



### Sales revenue of commodities

Sales revenue of commodities comes from the sale of chlor-alkali products, PVC resins, PVC compounds and other related products. When commodities are delivered to the customers, the customers have already obtained the rights to establish the price and usage of the commodities and are primarily liable for the resale of the commodities. The customers shall undertake the related obsolescence risk and the Company will recognize revenue and accounts receivable at that time.

### (13) Leases

The Company assesses whether the contract is (or includes) a lease on the date of its establishment.

#### 1) Where the Company is a lessor

Under operating leases, revenue is recognized on a straight-line basis over the relevant lease term.

#### 2) Where the Company is a lessee

Except that the lease payments of the low value subject-matter assets and short-term leases applicable to recognition exemption are recognized as expenses on a straight-line basis during the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

### (14) Borrowings costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

### (15) Government subsidies

Government subsidies are recognized only when there is reasonable assurance that the Group will comply with the conditions associated with the subsidies and that the subsidies will be received.

Government subsidies whose condition is that the Company should purchase, construct or otherwise acquire the assets are recognized as deferred income, which should be transferred to profit or loss over the useful lives of the related assets on a reasonable and systematic basis.

For government loan with lower than market interest rates obtained by the Company, the difference between the loan amount received and the fair value of the loan based on the prevailing market interest rate is recognized as a government subsidy.

### (16) Employee benefits

#### 1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

#### 2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

The costs of defined benefits under the defined benefit pension plan (including service cost, net interest, and the remeasurement) are calculated based on the projected unit credit method. The cost of services (including the cost of services of the current period) and the net interest of the net defined benefit liabilities (assets) are recognized as employee benefit expenses. The remeasurement amount (including actuarial gains and losses and the return on plan assets after deducting interest) is recognized in other comprehensive income and presented in retained earnings when it occurs. It shall not be reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) are the deficit (surplus) of the contribution made according to the defined benefit pension plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

## (17) Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

### 1) Current tax

The Company determines the income (loss) of the current year in accordance with the Income Tax Act of the Republic of China, and calculates the income tax payable (recoverable) accordingly.

A tax is levied on the unappropriated earnings pursuant to the Income Tax Act of the Republic of China and is recorded as an income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

Adjustments to prior year income taxes are shown in the taxes of the current year.

### 2) Deferred tax

Deferred tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deductible temporary differences associated with such investment, when it is probable that sufficient taxable income will be available to realize such temporary difference, a deferred income tax asset is recognized, but only to the extent of the amount that is expected to be reversed in the foreseeable future.

The carrying amount of the deferred tax assets is re-examined at the end of each reporting period and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the



Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred income taxes for the year

Current and deferred taxes are recognized in profit or loss except for those related to items recognized in other comprehensive income or equity that shall be recognized in other comprehensive income or entity, respectively.

**5. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty**

When the Company adopts accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis by the management of the Company. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

**Key Sources of Estimation and Uncertainty**

(1) Impairment of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated cost necessary to make the sale. The estimate is based on current market conditions and historical sales experience of the similar products, and any changes in market conditions may materially affect the results of the estimate.

(2) Taxation

As of December 31, 2022 and 2021, the carrying amounts of deferred income tax assets in relation to unused tax losses were \$227,145 thousand and \$210,021 thousand, respectively. Due to the unpredictability of future profit streams, as of December 31, 2021, there were deductible temporary differences of \$184,196 thousand, which were not recognized as deferred income tax assets. The realizability of deferred income tax assets depends primarily on the availability of sufficient future profits or taxable temporary differences. If the actual profits generated in the future are less than expected, there may be a significant reversal of deferred income tax assets, and these reversals are recognized as profit or loss in the period in which they occur (December 31, 2022: None).

(3) Associate's estimated of damage compensation for gas explosion incident

The associate, China General Terminal & Distribution Corporation, has recognized the liability provision for civil damages compensation arising from the gas explosion incident. The management has considered the progress of the relevant civil and criminal litigation and settlement with reference to legal advice to estimate the amount of the liability provision. However, actual results may differ from current estimates.

## 6. Cash and Cash Equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and petty cash	\$ 77	\$ 166
Checking accounts and demand deposits	96,133	232,208
Cash equivalents		
Time deposits	-	150,056
Reverse repurchase agreements collateralized by bonds	-	89,982
	<u>\$ 96,210</u>	<u>\$ 472,412</u>

The market rate intervals of time deposits in banks and reverse repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Time deposits	-	0.18%~0.77%
Reverse repurchase agreements collateralized by bonds	-	0.37%

## 7. Financial Instruments at FVTPL

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets mandatorily classified as at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
— Foreign exchange forward contracts	\$ -	\$ 3,232
Non-derivative financial assets		
— Mutual Funds	350,255	175,018
— Beneficiary securities	54,186	52,541
— Domestic listed equity investments	18,916	58,597
	<u>\$ 423,357</u>	<u>\$ 289,388</u>

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (In Thousands)</u>
<u>December 31, 2021</u>			
Sell	USD/NTD	2022.01.03~2022.03.30	USD 23,610 /NTD 656,777

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting.

## 8. Financial Assets at FVTOCI - Non-current

### Investments in equity instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Domestic equity investments		
Unlisted ordinary share		
KHL IB Venture Capital Co., Ltd.	<u>\$ 67,644</u>	<u>\$ 82,377</u>

In order to adjust its capital structure, in August 2021 and January 2021, the shareholders' meeting of KHL IB Venture Capital Co., Ltd. resolved to respectively reduce its ordinary shares by 50 shares and 130 shares per 1,000 shares, representing a refund of \$500 and \$1,300. In 2021, the Group received a capital refund of \$10,449 thousand.

## Financial Summary



The Company invested in equity instruments for medium to long-term strategic purposes and expects to make a profit via long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

### 9. Notes Receivable, Trade Receivables and Other Receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes receivable</u>		
Notes receivable - operating	\$ 128,386	\$ 195,162
 <u>Trade receivables (including related parties)(Note 25)</u>		
At amortized cost		
Gross carrying amount	\$ 890,772	\$ 1,208,372
Less: Allowance for impairment loss	( 10,652 )	( 10,652 )
	<u>\$ 880,120</u>	<u>\$ 1,197,720</u>
 <u>Other receivables (including related parties)</u> (Notes 25)		
Tax refunds receivables	\$ 32,940	\$ 66,172
Others	1,750	7,000
	<u>\$ 34,690</u>	<u>\$ 73,172</u>

### Notes/Trade Receivables

The Company's credit period for the sale of goods ranges from 10 days to 60 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting a new customer, the Company surveys the customers' credit history and measures the potential customer's credit quality to set a credit limit. A customer's credit limit and rating are reviewed annually. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for receivables at an amount equal to lifetime ECLs. The expected credit losses on receivables are estimated using an allowance matrix by referencing to past default experience with the respective debtors and an analysis of the debtors' current financial positions, adjusted for general economic conditions of the industry and an assessment of economic conditions at the reporting date.

The Company writes off a receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery. For receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the due receivables. Where recoveries are made, they are recognized in profit or loss.

The following table details the loss allowance of notes and trade receivables based on the Company's allowance matrix:

### December 31, 2022

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	\$ -	\$ 316,169	\$ 174,599	\$ 528,390	\$ 1,019,158
Loss allowance (lifetime ECLs)	-	( 4,123 )	( 3,869 )	( 2,660 )	( 10,652 )

Amortized cost	\$ -	\$ 312,046	\$ 170,730	\$ 525,730	\$ 1,008,506
<b>December 31, 2021</b>					
	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	\$ 13,854	\$ 466,396	\$ 211,407	\$ 711,877	\$ 1,403,534
Loss allowance (lifetime ECLs)	-	( 5,913)	( 4,739)	-	( 10,652)
Amortized cost	<u>\$ 13,854</u>	<u>\$ 460,483</u>	<u>\$ 206,668</u>	<u>\$ 711,877</u>	<u>\$ 1,392,882</u>

The aging of notes receivable and trade receivables was as follows:

	December 31, 2022	December 31, 2021
Not past due	\$ 977,404	\$ 1,309,901
Less than and including 60 days	41,274	93,633
Over 61 days	480	-
	<u>\$ 1,019,158</u>	<u>\$ 1,403,534</u>

The above aging schedule was based on the number of days past due from the end of the credit term.

The movements of the loss allowance of notes receivable and trade receivables were as follows:

	2022	2021
Balances at January 1 and December 31	<u>\$ 10,652</u>	<u>\$ 10,652</u>

## 10. Inventories

	December 31, 2022	December 31, 2021
Finished goods	\$ 726,902	\$ 972,098
Work in progress	63,272	43,330
Raw materials	<u>327,858</u>	<u>348,552</u>
	<u>\$1,118,032</u>	<u>\$1,363,980</u>

For the years ended December 31, 2022 and 2021, the costs of goods sold for inventories amounted to \$9,698,041 thousand and \$9,876,746 thousand, respectively. For the years ended December 31, 2022 and 2021, the costs of goods sold included provisions of allowance for write-downs of inventories and obsolescence losses amounted to \$55,776 thousand and \$15,598 thousand, respectively.

## 11. Investment Accounted for Equity Method

	December 31, 2022	December 31, 2021
Investments in subsidiaries	\$ 5,298,586	\$ 6,654,977
Investments in associates	<u>379,522</u>	<u>396,902</u>
	<u>\$ 5,678,108</u>	<u>\$ 7,051,879</u>

### (1) Investments in subsidiaries

Subsidiary	December 31, 2022	December 31, 2021
Unlisted companies		
Taiwan VCM Corporation ("TVCM")	\$ 4,076,858	\$ 4,610,674
CGPC Polymer Corporation ("CGPCPOL")	701,707	1,503,749
CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	333,626	345,845
CGPC America Corporation ("CGPC-America")	<u>186,395</u>	<u>194,709</u>
	<u>\$ 5,298,586</u>	<u>\$ 6,654,977</u>



## Financial Summary



At the end of the reporting period, the percentage of ownership interests and voting rights of the Company in the subsidiaries were as follows:

<u>Subsidiary</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
TVCM	87.27%	87.27%
CGPCP	100%	100%
CGPC (BVI)	100%	100%
CGPC-America	100%	100%

Based on the medium- and- long-term investment strategy, the Company acquired 157 thousand shares of TVCM from external shareholders from March to September 2021, with \$2,653 thousand, increasing its shareholding ratio in TVCM from 87.22% to 87.27%. On May 12, 2021, the shareholders' meeting of TVCM resolved to re-capitalize earnings of \$220,328 thousand to issue 22,033 thousand new shares, with a record date set on July 2, 2021.

The board of directors of the Company passed a resolution in October 2011 to dissolve CGPC (ZS) and CGPC (CP). The Company has considered that its discontinued operations was resumed its operating substance, and, therefore, the Company reclassified the discontinued operations as continuing operations since 2021 after an assessment.

The subsidiaries invested by using the equity method and the Company's share of profit or loss and other comprehensive profit or loss are recognized based on the financial reports of each subsidiary that have been audited by CPAs during the same years.

### (2) Investments in associates

#### Investments in associates that are not individually material

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Listed companies		
Acme Electronics Corporation ("ACME")	\$ 23,911	\$ 23,171
Unlisted companies		
China General Terminal & Distribution Corporation ("CGTD")	<u>355,611</u> <u>\$ 379,522</u>	<u>373,731</u> <u>\$ 396,902</u>

#### Aggregate information of associates that are not individually material

	<u>2022</u>	<u>2021</u>
The Company's share of:		
Loss and profit for the year	\$ 10,208	\$ 22,159
Other comprehensive income (loss)	( <u>27,625</u> )	<u>36,515</u>
Total comprehensive income (loss)	( <u>\$ 17,417</u> )	<u>\$ 58,674</u>

At the end of the reporting period, the percentage of ownership interests and voting rights of the Company in the associates were as follows:

Company name	December 31, 2022	December 31, 2021
ACME	1.74%	1.74%
CGTD	33.33%	33.33%

Refer to Table 7 “Information on Reinvestment” for the nature of activities, principal places of business and countries of incorporation of the associates.

The Company in conjunction with its affiliates jointly held more than 20% of each of the shareholdings of ACME and had significant influence over each entity. Therefore, the Group adopted the equity method to evaluate the above investments.

Fair values (Level 1) of investments in associates with open market quotations are summarized as follows:

Company name	December 31, 2022	December 31, 2021
ACME	<u>\$ 76,066</u>	<u>\$ 169,917</u>

The associates invested by using the equity method and the Company's share of profit or loss and other comprehensive profit or loss are recognized based on the financial reports of each associates that have been audited by CPAs during the same years.

## 12. Property, Plant and Equipment

	Freehold Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress and Machinery in Transit	Total
<u>Cost</u>							
Balance as of January 1, 2022	\$ 1,629,671	\$ 940,368	\$ 5,298,839	\$ 59,845	\$ 161,007	\$ 629,451	\$ 8,719,181
Additions	-	-	-	-	-	639,261	639,261
Disposal	-	( 1,881)	( 135,719)	( 4,029)	( 4,140)	-	( 145,769)
Reclassification	-	32,827	282,809	6,214	5,485	( 327,335)	-
Balance as of December 31, 2022	<u>\$ 1,629,671</u>	<u>\$ 971,314</u>	<u>\$ 5,445,929</u>	<u>\$ 62,030</u>	<u>\$ 162,352</u>	<u>\$ 941,377</u>	<u>\$ 9,212,673</u>
<u>Accumulated depreciation and impairment</u>							
Balance as of January 1, 2022	\$ -	\$ 682,307	\$ 4,387,470	\$ 44,510	\$ 150,503	\$ -	\$ 5,264,790
Depreciation expenses	-	40,369	173,918	6,206	4,359	-	224,852
Disposal	-	( 1,881)	( 135,398)	( 4,029)	( 4,139)	-	( 145,447)
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 720,795</u>	<u>\$ 4,425,990</u>	<u>\$ 46,687</u>	<u>\$ 150,723</u>	<u>\$ -</u>	<u>\$ 5,344,195</u>
Net amount as of December 31, 2022	<u>\$ 1,629,671</u>	<u>\$ 250,519</u>	<u>\$ 1,019,939</u>	<u>\$ 15,343</u>	<u>\$ 11,629</u>	<u>\$ 941,377</u>	<u>\$ 3,868,478</u>
<u>Cost</u>							
Balance as of January 1, 2021	\$ 1,629,671	\$ 893,758	\$ 5,170,452	\$ 58,824	\$ 168,250	\$ 482,880	\$ 8,403,835
Additions	-	-	-	-	-	417,620	417,620
Disposal	-	( 1,014)	( 92,759)	-	( 8,501)	-	( 102,274)
Reclassification	-	47,624	221,146	1,021	1,258	( 271,049)	-
Balance as of December 31, 2021	<u>\$ 1,629,671</u>	<u>\$ 940,368</u>	<u>\$ 5,298,839</u>	<u>\$ 59,845</u>	<u>\$ 161,007</u>	<u>\$ 629,451</u>	<u>\$ 8,719,181</u>
<u>Accumulated depreciation and impairment</u>							
Balance as of January 1, 2021	\$ -	\$ 646,154	\$ 4,316,313	\$ 38,524	\$ 154,327	\$ -	\$ 5,155,318
Depreciation expenses	-	37,167	163,602	5,986	4,677	-	211,432
Disposal	-	( 1,014)	( 92,445)	-	( 8,501)	-	( 101,960)
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 682,307</u>	<u>\$ 4,387,470</u>	<u>\$ 44,510</u>	<u>\$ 150,503</u>	<u>\$ -</u>	<u>\$ 5,264,790</u>
Net amount as of December 31, 2021	<u>\$ 1,629,671</u>	<u>\$ 258,061</u>	<u>\$ 911,369</u>	<u>\$ 15,335</u>	<u>\$ 10,504</u>	<u>\$ 629,451</u>	<u>\$ 3,454,391</u>

The additions to the construction in progress and machinery to be inspected during the current period were mainly due to the civil engineering works of the Company's plant and warehouse.

The above item of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:



Buildings and Improvements	3~60 years
Machinery and Equipment	2~26 years
Transportation Equipment	2~10 years
Miscellaneous Equipment	2~21 years

The Company's property, plant and equipment were assessed and there was no impairment as of December 31, 2022 and 2021.

### 13. Investment Properties

	Land	Buildings and Improvements	Total
<u>Cost</u>			
Balances as of January 1 and December 31, 2022	\$ 27,715	\$ 292,932	\$ 320,647
<u>Accumulated depreciation</u>			
Balance as of January 1, 2022	\$ -	\$ 63,628	\$ 63,628
Depreciation expenses	-	13,598	13,598
Balance as of December 31, 2022	\$ -	\$ 77,226	\$ 77,226
Net amount as of December 31, 2022	\$ 27,715	\$ 215,706	\$ 243,421
<u>Cost</u>			
Balances as of January 1 and December 31, 2021	\$ 27,715	\$ 292,932	\$ 320,647
<u>Accumulated depreciation</u>			
Balance as of January 1, 2021	\$ -	\$ 49,489	\$ 49,489
Depreciation expenses	-	14,139	14,139
Balance as of December 31, 2021	\$ -	\$ 63,628	\$ 63,628
Net amount as of December 31, 2021	\$ 27,715	\$ 229,304	\$ 257,019

The Company's investment properties are located in Toufen industrial districts. Due to the characteristics of the districts, the market for comparable properties is inactive and alternative reliable measurements of fair value were not available. Therefore, the Company determined that the fair value of its investment properties is not reliably measurable.

The total amount of lease payments to be collected in the future for investment property as operating lease as of December 31, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
Year 1	\$ 12,354	\$ 11,732
Year 2	10,970	10,776
Year 3	10,970	10,776
Year 4	10,970	10,776
Year 5	10,970	10,776
Over 5 years	16,455	26,940
	<u>\$ 72,689</u>	<u>\$ 81,776</u>

Except for the recognition of depreciation expenses, the Company's investment assets did not experience significant sublease and impairment for the years ended December 31, 2022 and 2021.

The investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and Improvements	5~26 years
----------------------------	------------

#### 14. Borrowings

##### (1) Short-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ 190,000</u>	<u>\$ -</u>
The range of interest rate	1.696%	-

##### (2) Long-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ 792,549</u>	<u>\$ -</u>
The range of interest rate	0.975%-1.350%	-

In order to enrich medium- and- long-term working capital, the Company entered into a medium- and- long-term credit contracts with banks, with a credit limit of \$1,300,000 thousand and a credit period due in September 2025 and onwards. Any revolving drawdown within the credit limit can be made before the expiration dates of the contracts. As of December 31, 2022, it has made drawdowns of \$300,000 thousand.

Based on “Action Plan for Accelerated Investment by Domestic Corporations”, the Company obtained a low-interest bank loan of \$646,400 thousand, and it recognized and measured the loan according to the market interest rate while the difference from the repayment preferential interest rate shall be treated as government subsidies. As of December 31, 2022, it has made drawdowns of \$499,400 thousand.

#### 15. Trade Payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Trade payables (including related parties)</u>		
(Note 25)		
Operating	<u>\$ 1,020,576</u>	<u>\$ 1,720,564</u>

The average payment period of trade payables was 2 months. The Company had financial risk management policies in place to ensure that all payables were paid within the pre-agreed credit terms.

**16. Other Payables - Non-Related Parties**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Payables for salaries or bonuses	\$ 128,101	\$ 321,368
Payables for purchases of equipment	79,008	91,512
Payables for utilities	47,455	42,907
Payables for freight	40,673	46,384
Dividends payable	9,216	8,444
Miscellaneous tax payable	2,981	2,748
Others	<u>112,794</u>	<u>48,285</u>
	<u>\$ 420,228</u>	<u>\$ 561,648</u>

**17. Retirement Benefit Plans****(1) Defined contribution plans**

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

**(2) Defined benefit plans**

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. The payment of the employee's pension is based on the period of service and the average salary in a specific period before the approved retirement date. The Company allocates 10% of employees' monthly salaries respectively to the Supervisory Committee of Labor Retirement Reserve's dedicated account in the Bank of Taiwan as pension reserve funds. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor; the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligation	\$ 966,803	\$ 1,101,617
Fair value of plan assets	( <u>638,124</u> )	( <u>619,891</u> )
Net defined benefit liabilities	<u>\$ 328,679</u>	<u>\$ 481,726</u>

Changes in net defined benefit liabilities (assets) are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Balance as of January 1, 2021	\$ 1,186,411	( \$ 656,214 )	\$ 530,197
Service costs for the current period	9,975	-	9,975
Interest expense (income)	<u>4,439</u>	( <u>2,471</u> )	<u>1,968</u>
Components recognized in profit or loss	<u>14,414</u>	( <u>2,471</u> )	<u>11,943</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	-	( 9,975 )	( 9,975 )
Actuarial loss - changes in demographic assumptions	26,928	-	26,928

(Continued)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Actuarial loss - changes in financial assumptions	(\$ 9,962)	\$ -	(\$ 9,962)
Actuarial gain - experience adjustments	( 11,523)	-	( 11,523)
Components recognized in other comprehensive income	5,443	( 9,975)	( 4,532)
Contribution by the employer	-	( 47,861)	( 47,861)
Benefits paid from plan assets	( 104,651)	96,630	( 8,021)
Balance as of December 31, 2021	1,101,617	( 619,891)	481,726
Service costs for the current period	7,797	-	7,797
Interest expense (income)	5,331	( 3,046)	2,285
Components recognized in profit or loss	13,128	( 3,046)	10,082
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	-	( 51,819)	( 51,819)
Actuarial loss - changes in financial assumptions	( 60,128)	-	( 60,128)
Actuarial gain - experience adjustments	( 73)	-	( 73)
Components recognized in other comprehensive income	( 60,201)	( 51,819)	( 112,020)
Contribution by the employer	-	( 51,109)	( 51,109)
Benefits paid from plan assets	( 87,741)	87,741	-
Balance as of December 31, 2022	<u>\$ 966,803</u>	<u>( \$ 638,124)</u>	<u>\$ 328,679</u>

(Concluded)

Amounts recognized in profit or loss for defined benefit plan are summarized by functions as follows:

	2022	2021
Operating costs	\$ 8,179	\$ 9,474
Selling and marketing expenses	1,219	1,306
General and administrative expenses	284	697
Research and development expenses	400	466
	<u>\$ 10,082</u>	<u>\$ 11,943</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic or foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate of a 2-year time deposit with local banks.
- 2) Interest rate risk: The decrease in the interest rate of government bonds/corporate bonds will increase the present value of defined benefit obligations, but the yield on debt investment of plan assets will also increase accordingly, which will partially offset the impact on net defined benefit liabilities.

## Financial Summary



- 3) Salary risk: The present value of defined benefit obligations is calculated with reference to future salaries of plan members. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.375%	0.500%
Average long-term salary adjustment rate	2.500%	2.500%

If changes occur in major actuarial assumptions with other assumptions unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate		
Increase by 0.25%	(\$ 16,124)	(\$ 19,969)
Decrease by 0.25%	\$ 16,579	\$ 20,571
Average long-term salary adjustment rate		
Increase by 0.25%	\$ 16,098	\$ 19,814
Decrease by 0.25%	(\$ 15,737)	(\$ 19,339)

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Expected amount of contribution within 1 year	\$ 52,891	\$ 49,297
Average duration of defined benefit obligations	6.8 years	7.4 years

## 18. Equity

- (1) Ordinary share

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Number of shares authorized (in thousands)	<u>650,000</u>	<u>650,000</u>
Share authorized	<u>\$ 6,500,000</u>	<u>\$ 6,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>581,050</u>	<u>581,050</u>
Share issued	<u>\$ 5,810,505</u>	<u>\$ 5,810,505</u>

The holders of issued ordinary shares with a par value of \$10 are entitled to the right to one vote and to receive dividends.

- (2) Capital surplus

Capital surplus relating to unclaimed dividends of which the claim period has expired may be used only to offset previous deficits.

Capital surplus generated from investments in associates accounted for using the equity method may not be used for any purposes.

Capital surplus generated from the difference between the acquisition price of a subsidiary's equity and the book value may be used to offset deficits, be distributed in cash, or be appropriated to share capital.

(3) Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation, where the Company makes a net income in a fiscal year, the profit shall be used first for offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The shareholders' meeting may retain part or all of such earnings depending on the operating circumstances. The industry that the Company operates in is in the maturity stage. Consequently, in order to take R&D needs and diversification into consideration, shareholders' dividends shall not be less than 10% of the distributable earnings in the current year, of which the cash dividends shall not be less than 10% of the total dividends. However, if the distributable earnings of the year is less than \$0.1 per share, it shall not be distributed. For the policies on the distribution of employees' compensation and remuneration of directors after amendment, refer to "Employees' compensation and remuneration of directors" in Note 20(6).

The appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The shareholders' meetings approved the earnings distribution proposal for years ended December 31, 2021 and 2020 on May 30, 2022 and July 27, 2021 as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2021	2020	2021	2020
Legal reserve	\$ 246,913	\$ 165,369		
Cash dividends	1,452,626	996,086	\$ 2.5	\$ 1.8
Share dividends	-	276,691	-	0.5

On March 2, 2023, the Board of Directors proposed the distribution of earnings for the year ended December 31, 2022 as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Cash dividends	\$ 174,315	\$ 0.3

The distribution of earnings for the year ended December 31, 2022 is subject to the resolution in the shareholders' meeting on May 26, 2023.

(4) Special reserve

The Company appropriated a special reserve in the amount of \$408,223 thousand after offsetting a deficit of \$428,727 thousand, which was from the net increase of retained





earnings arising from the initial adoption of IFRSs. As of December 31, 2022, such amount was no change.

(5) Other equity

1) Exchange differences on translating the financial statements of foreign operations

	2022	2021
Balance at January 1	(\$ 52,461)	(\$ 43,259)
Recognized for the year		
Exchange differences on translating the financial statements foreign operations	41,526	( 11,080)
Share of exchange of differences of associates accounted for using the equity method	379	( 338)
Related income tax	( 8,305)	2,216
Balance at December 31	(\$ 18,861)	(\$ 52,461)

2) Unrealized gains (losses) on financial assets at FVTOCI

	2022	2021
Balance at January 1	\$ 132,733	\$ 138,774
Recognized for the year		
Unrealized losses		
Equity instruments	( 14,733)	( 44,905)
Share from subsidiaries and associates accounted for using the equity method	( 31,976)	38,864
Balance at December 31	\$ 86,024	\$ 132,733

**19. Revenue**

(1) Revenue from contracts with customers

	2022	2021
Revenue from the sale of goods		
PVC products	\$ 10,186,976	\$ 11,487,847

Refer to Schedule 6 for the revenue from the sale of goods of the Company.

(2) Contract balances

Please refer to Note 9 for information related to notes receivable and trade receivables.

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities (presented in other current liabilities)	\$ 56,151	\$ 63,475	\$ 20,041

The changes in the balance of contract liabilities primarily result from the timing difference between the Company's fulfillment of performance obligation and the respective customers' payment.

(3) Refunds liabilities

	December 31, 2022	December 31, 2021
Refunds liabilities (presented in other current liabilities)	\$ 19,660	\$ 21,792

## Financial Summary



Refund liabilities relating to sales return and discount are estimated based on historical experience, management judgment, and other known factors, and are presented as a deduction to operating revenue in the period in which the goods are sold.

### 20. Net Profit (Loss) for the Year

#### (1) Interest income

	2022	2021
Bank deposits	\$ 889	\$ 216
Financial assets at FVTPL	1,110	902
Others	829	8
	<u>\$ 2,828</u>	<u>\$ 1,126</u>

#### (2) Other income

	2022	2021
Indemnity income	\$ 26,449	\$ 503
Rental income	15,956	14,159
Dividend income	8,203	34,216
Others	9,931	4,691
	<u>\$ 60,539</u>	<u>\$ 53,569</u>

#### (3) Other gains and losses

	2022	2021
Net gains on disposal of property, plant and equipment	\$ 5,297	\$ 2,663
Gross foreign exchange gains	159,740	29,700
Gross foreign exchange losses	( 19,962 )	( 75,172 )
Net (losses) gains on fair value change on financial instruments at FVTPL	( 31,715 )	17,239
Depreciation expenses from investment properties	( 13,598 )	( 14,139 )
Depreciation expenses of property, plant and equipment	( 2,023 )	-
Others	( 4,127 )	( 6,120 )
	<u>\$ 93,612</u>	<u>( \$ 45,829 )</u>

#### (4) Depreciation and amortization

	2022	2021
Property, Plant and Equipment	\$ 224,852	\$ 211,432
Investment Properties	13,598	14,139
Intangible assets	59	46
	<u>\$ 238,509</u>	<u>\$ 225,617</u>
An analysis of depreciation by function		
Operating costs	\$ 221,126	\$ 210,055
Operating expenses	1,703	1,377
Other gains and losses	15,621	14,139
	<u>\$ 238,450</u>	<u>\$ 225,571</u>

An analysis of amortization by function

Operating expenses	\$ <u>59</u>	\$ <u>46</u>
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(5) Employee benefits expense

	2022	2021
Post-employment benefits (Note 17)		
Defined contribution plans	\$ 18,472	\$ 17,746
Defined benefit plans	<u>10,082</u>	<u>11,943</u>
	28,554	29,689
Other employee benefits	<u>726,285</u>	<u>925,819</u>
Total employee benefits expenses	<u>\$ 754,839</u>	<u>\$ 955,508</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 627,480	\$ 774,500
Operating expenses	<u>127,359</u>	<u>181,008</u>
	<u>\$ 754,839</u>	<u>\$ 955,508</u>

Refer to Schedule 10 for the details related to employee benefits expense.

(6) The remuneration of employees and directors

The Company accrued remuneration of employees and directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

For the year ended on December 31, 2022, the remuneration of employees and directors were not accrued due to the deficit.

The remuneration of employees and directors for 2021, which have been approved by the Company's board of directors on March 9, 2022 was as follows:

Accrual rate

	2021
Remuneration of Employees	1%
Remuneration of Directors	-

Amount of Cash

	2021
Remuneration of Employees	\$ 26,485

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

Information on the remuneration of employees and directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.



## 21. Income Tax

### (1) Income tax expense recognized in profit or loss

Major components of income tax expenses (benefits) are as follows:

	<u>2022</u>	<u>2021</u>
Current tax		
In respect of the current year	\$ -	\$ 161,733
Adjustments for prior periods	( <u>1,363</u> )	( <u>4,690</u> )
	( <u>1,363</u> )	<u>157,043</u>
Deferred tax		
In respect of the current year	( 47,933 )	( 4,510 )
Adjustments for prior periods	<u>510</u>	<u>756</u>
	( <u>47,423</u> )	( <u>3,754</u> )
Income tax expenses (benefits) recognized in profit or loss	( <u>\$ 48,786</u> )	<u>\$ 153,289</u>

Reconciliation between accounting income (loss) and current income tax expenses (benefits) is as follows:

	<u>2022</u>	<u>2021</u>
Profit (loss) before tax	( <u>\$ 419,033</u> )	<u>\$ 2,621,965</u>
Income tax (benefits) expenses calculated at the statutory rate	( \$ 83,807 )	\$ 524,393
Domestic investments recognized under equity method	57,748	( 358,518 )
Tax-exempted income	( 3,035 )	( 6,118 )
Valuation gains (losses) on financial instruments	1,551	( 203 )
Fees that cannot be deducted from taxes	1,138	-
Unrecognized deductible temporary differences	( 21,528 )	( 2,331 )
Adjustments for prior periods	( <u>853</u> )	( <u>3,934</u> )
Income tax expenses (benefits) recognized in profit or loss	( <u>\$ 48,786</u> )	<u>\$ 153,289</u>

### (2) Income tax recognized in other comprehensive income

	<u>2022</u>	<u>2021</u>
<u>Deferred tax</u>		
In respect of the current year		
— Translation of foreign operations	( \$ 8,305 )	\$ 2,216
— Gains on remeasurements of defined benefit plans	( <u>20,552</u> )	( <u>906</u> )
Income tax recognized in other comprehensive income	( <u>\$ 28,857</u> )	<u>\$ 1,310</u>

### (3) Current tax assets and liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current tax assets		
Tax refunds receivables	<u>\$ 273</u>	<u>\$ -</u>
Current tax liabilities		
Income tax payable	<u>\$ -</u>	<u>\$ 161,641</u>

(4) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

2022

	Balance at January 1	Components recognized in profit or loss	Components recognized in other comprehensive income	Balance at December 31
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory write-down	\$ 11,537	\$ 11,155	\$ -	\$ 22,692
Investment accounted for equity Method	72,748	51,241	( 8,305 )	115,684
Deferred revenue	16,488	( 6,875 )	-	9,613
Refunds liabilities	4,259	( 327 )	-	3,932
Defined benefit plan	94,493	( 8,205 )	( 20,552 )	65,736
Holiday benefits payable	8,784	( 306 )	-	8,478
Others	1,712	( 702 )	-	1,010
	<u>\$ 210,021</u>	<u>\$ 45,981</u>	<u>( \$ 28,857 )</u>	<u>\$ 227,145</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Revaluation increments of land	\$ 483,213	\$ -	\$ -	\$ 483,213
Others	2,038	( 1,442 )	-	596
	<u>\$ 485,251</u>	<u>( \$ 1,442 )</u>	<u>\$ -</u>	<u>\$ 483,809</u>

2021

	Balance at January 1	Components recognized in profit or loss	Components recognized in other comprehensive income	Balance at December 31
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory write-down	\$ 8,418	\$ 3,119	\$ -	\$ 11,537
Investment accounted for equity	72,361	( 1,829 )	2,216	72,748
Deferred revenue	8,994	7,494	-	16,488
Refunds liabilities	1,789	2,470	-	4,259
Defined benefit plan	104,188	( 8,789 )	( 906 )	94,493
Holiday benefits payable	8,317	467	-	8,784
Others	360	1,352	-	1,712
	<u>\$ 204,427</u>	<u>\$ 4,284</u>	<u>\$ 1,310</u>	<u>\$ 210,021</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Revaluation increments of land	\$ 483,213	\$ -	\$ -	\$ 483,213
Others	1,508	530	-	2,038
	<u>\$ 484,721</u>	<u>\$ 530</u>	<u>\$ -</u>	<u>\$ 485,251</u>

- (5) The deductible temporary differences and unused loss carryforwards, which were not recognized in deferred tax assets of the balance sheets

The deductible temporary differences, which were not recognized by the Company in deferred tax assets in the corresponding balance sheets as of December 31, 2021, were \$184,196 thousand.

- (6) Income tax assessments

The income tax returns of the Company through 2020 have been assessed by the tax authorities.

**22. Earnings (Losses) Per Share**

	2022	Unit: NT\$ Per Share 2021
Basic earnings (losses) per share	<u>(\$ 0.64)</u>	<u>\$ 4.25</u>
Diluted earnings (losses) per share	<u>(\$ 0.64)</u>	<u>\$ 4.24</u>

## Financial Summary



Earnings (losses) and weighted average number of ordinary shares used to calculate earnings (losses) per share were as follows:

### Net Profit (Loss) for the Year

	<u>2022</u>	<u>2021</u>
The net profit (loss) used to calculate basic and diluted earnings (losses) per share	(\$ <u>370,247</u> )	<u>\$ 2,468,676</u>

### Shares

	<u>2022</u>	Unit: Thousands of shares <u>2021</u>
Weighted average number of ordinary shares used to calculate basic earnings (losses) per share	581,050	581,050
Effect of potentially dilutive ordinary shares:		
Remuneration of Employees	—	<u>859</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>581,050</u>	<u>581,909</u>

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. For the year ended on December 31, 2022, the remuneration of employees was not accrued due to deficit.

## **23. Capital Management**

The Company manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

## **24. Financial Instruments**

### (1) Fair value of financial instruments not measured at fair value

The management of the Company believes the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair value or their fair value cannot be reliably measured.

(2) Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual Funds	\$ 350,255	\$ -	\$ -	\$ 350,255
Beneficiary securities	54,186	-	-	54,186
Investments in equity instruments				
— Domestic listed equity investments	18,916	-	-	18,916
	<u>\$ 423,357</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 423,357</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
— Domestic unlisted equity investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,644</u>	<u>\$ 67,644</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 3,232	\$ -	\$ 3,232
Mutual Funds	175,018	-	-	175,018
Beneficiary securities	52,541	-	-	52,541
Investments in equity instruments				
— Domestic listed equity investments	58,597	-	-	58,597
	<u>\$ 286,156</u>	<u>\$ 3,232</u>	<u>\$ -</u>	<u>\$ 289,388</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
— Domestic unlisted equity investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,377</u>	<u>\$ 82,377</u>

There were no transfers between Levels 1 and 2 fair value measurement for the nine months ended December 31, 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments

2022

	Financial assets at FVTOCI
Balance at January 1	<u>\$ 82,377</u>
Components recognized in other comprehensive income	( 14,733 )
Balance at December 31	<u>\$ 67,644</u>

2021

	Financial assets at FVTOCI
Balance at January 1	<u>\$ 137,731</u>
Components recognized in other comprehensive income	( 44,905 )
Return of capital reduction	( 10,449 )
Balance at December 31	<u>\$ 82,377</u>



## Financial Summary



### 3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments Category</u>	<u>Valuation Technique and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

### 4) Valuation techniques and inputs applied for Level 3 fair value measurement

To determine the fair value for Level 3 financial instruments, the Company's financial department conducts independent fair value verification using independent resources so as to better reflect the market conditions, as well as periodically reviewing the valuation results in order to guarantee the rationality of the measurement. For unlisted domestic equity investments, the Company utilizes the asset approach and takes into account the most recent net asset value, observable financial status as well as the financing activities of investees in order to determine their net asset value. The unobservable input used was a discount for the lack of marketability of 15% on December 31, 2022 and 2021. When other inputs remain unchanged, the fair value will decrease by \$796 thousand, and \$969 thousand, respectively if the discount for lack of marketability increases by 1%.

### (3) Categories of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified at FVTPL	\$ 423,357	\$ 289,388
Financial assets at amortized cost		
Cash and Cash Equivalents	96,210	472,412
Notes receivable	128,386	195,162
Trade receivables (including related parties)	880,120	1,197,720
Other receivables (including related parties and excluding tax refund receivable)	1,750	7,000
Refundable deposits	8,759	10,209
Financial assets at FVTOCI—Equity instruments	67,644	82,377
<u>Financial liabilities</u>		
At amortized cost		
Short-term borrowings	190,000	-
Trade payables (including related parties)	1,020,576	1,720,564
Other payables (Note)	295,626	240,795
Long-term borrowings	792,549	-
Guarantee deposits	16,989	6,044

Note: Other payables (including related parties) do not include the amount of salary and bonus payable and miscellaneous tax payable.

(4) Financial risk management objectives and policies

The Company's risk control and hedging strategy are influenced by its operational environment. The Company properly monitors and manages the risks related to business nature and according to the principle of risk diversification. These risks include market risk (including foreign currency risk, interest rate risk and other price risks), credit risk and liquidity risk.

1) Market risk

The Company's operating activities exposed itself primarily to the market risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

I) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. In order to avoid the impact of foreign currency exchange rate changes, which lead to deductions in foreign currency denominated assets and fluctuations in their future cash flows, the Company maintains a balance of hedged net foreign currency denominated assets and liabilities. The Company also utilizes foreign exchange forward contracts to hedge the currency exposure. The use of foreign exchange forward contracts was governed by the Company's policies approved by the board of directors. Internal auditors focus on reviewing the observance of the policies and the quota of risk exposures. The Company did not enter into or trade foreign exchange forward contracts for speculative purposes.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 28.

Sensitivity analysis

The Company's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 3% strengthening/weakening of the functional currency against USD, the net loss before tax for 2022 would have increased / decreased by \$16,539 thousand, and the net income before tax for 2021 would have decreased / increased by \$32,182 thousand.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign currency risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

II) Interest rate risk

The Company was exposed to fair value risk of interest rate fluctuations for the fixed interest rate bearing financial assets and financial liabilities; the Company was exposed to the cash flow risk of interest rate fluctuations for the floating interest rate bearing financial assets and financial liabilities. The Company's management regularly monitors the fluctuations in market rates and then adjusted its balance of floating rate bearing financial liabilities to make the Group's interest rates more closely approach market rates in response to the interest rate risk.

## Financial Summary



The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
- Financial assets	\$ 8,401	\$ 248,428
- Financial liabilities	490,000	-
Cash flow interest rate risk		
- Financial assets	62,483	183,385
- Financial liabilities	492,549	-

### Sensitivity analysis

The fixed-rate financial assets and liabilities held by the Company are not included in the analysis as they are all measured at amortized cost. For floating rate assets and liabilities, the analysis was prepared to assume that the amount of the assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 50-basis point fluctuation in interest rate was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

When reporting to the management, the Company considers any interest rate fluctuation within 50 basis points reasonable. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's pre-tax loss for the year ended December 31, 2022 would have increased / decreased by \$2,150 thousand, and the Company's pre-tax profit for the year ended December 31, 2021 would have increased / decreased by \$917 thousand.

### III) Other price risks

The Company was exposed to the equity price risk through its investments in domestic listed shares, domestic unlisted shares, beneficiary certificates of Funds and other equity securities investments. The Company manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Company has appointed a special team to monitor price risk.

### Sensitivity analysis

The following sensitivity analysis was based on the prices of securities as of the balance sheet date. However, in the financial assets at fair value through profit or loss in which the Company invested, the risk of price fluctuation of money market funds was very limited, so it was not included in the analysis.

If marketable securities price had increased/decreased by 5%, the pre-tax loss for the year ended December 31, 2022 would have decreased/increased by \$3,655 thousand, and the pre-tax profit for the year ended December 31, 2021 would have increased/decreased by \$5,557 thousand, as a result of the changes in fair value of financial assets at FVTPL (excluding investment in money market funds). If the equity securities price had increased/decreased by 5%, the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$3,382 thousand and \$4,119 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations and result in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from:

- I) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- II) The maximum amount the Company would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Company adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

The counterparties of the Group's trade receivable included numerous clients distributed over a variety of areas and were not centered on a single client or location. Furthermore, the Group continuously assesses the financial condition of its clients, and then the Group's credit risk was limited. As of the end of the reporting period, the Group's largest exposure to credit risk is approximately that of the carrying amounts of its financial assets.

## 3) Liquidity risk

The Company managers maintain working capital and mitigate liquidity risk by maintaining a level of cash and cash equivalents and financing facilities deemed adequate.

### I) Liquidity and interest rate risk tables

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

#### December 31, 2022

	Effective Interest Rate (%)	On Demand or Less than 1 Year	1~5 years	Over 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$1,316,202	\$ -	\$ -
Floating interest rate liabilities	0.975-1.125	4,327	511,335	-
Fixed interest rate liabilities	1.350-1.696	191,286	300,000	-
		<u>\$1,511,815</u>	<u>\$ 811,335</u>	<u>\$ -</u>

## Financial Summary



December 31, 2021

	Effective Interest Rate (%)	On Demand or Less than 1 Year	1~5 years	Over 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$1,961,359	\$ -	\$ -

### II) Financing facilities

The Company relies on bank loans as a significant source of liquidity. As of December 31, 2022 and 2021, the unused amounts of bank loan facilities were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank loan facilities		
— Amount unused	\$ 2,501,938	\$ 2,703,206

## 25. Transactions with Related Parties

As of December 31, 2022 and 2021, USI Corporation held through its subsidiary, Union Polymer International Investment Corporation, 24.97% of the Company's outstanding ordinary shares. Besides the information disclosed elsewhere in the other notes, details of significant transactions between the Company and related parties are disclosed below.

### (1) Related parties names and categories

<u>Related Party Name</u>	<u>Related Party Category</u>
USI Corporation	Ultimate parent company
Union Polymer International Investment Corporation	Parent company
Taiwan VCM Corporation (TVCM)	Subsidiary
CGPC Polymer Corporation (CGPCPOL)	Subsidiary
CGPC America Corporation (CGPC-America)	Subsidiary
Global Green Technology Corporation	Grandchild company
Taita Chemical Company, Limited ("TTC")	Investor with significant influence
Asia Polymer Corporation ("APC")	Investor with significant influence
China General Terminal & Distribution Corporation ("CGTD")	Associate
Acme Electronics Corporation	Associate
USI Optronics Corporation ("USIO")	Fellow subsidiary
USI Management Consulting Corporation ("UM")	Fellow subsidiary
Swanson Plastics Corporation	Fellow subsidiary
Swanson Technologies Corporation	Fellow subsidiary
Taiwan United Venture Management Corporation	Fellow subsidiary
Chong Loong Trading Co., Ltd.	Fellow subsidiary
Dynamic Ever Investments Limited	Fellow subsidiary
APC Investment Corporation	Subsidiary of investor with significant influence
USI Educational Foundation ("USIF")	Related party in substance

### (2) Sales

<u>Related Party Category</u>	<u>2022</u>	<u>2021</u>
Subsidiary	\$ 452,012	\$ 679,585
Investor of significant influence	2,279	2,339
Fellow subsidiary	464	601

\$ 454,755

\$ 682,525

The sales of goods to related parties had no material differences from those of general sales transactions.

(3) Purchases

<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
Subsidiary		
TVCM	\$ 6,196,440	\$ 7,071,763
Others	48,475	59,991
Fellow subsidiary	63,128	56,292
Ultimate parent company	2,109	420
	<u>\$ 6,310,152</u>	<u>\$ 7,188,466</u>

The Company and TVCM signed vinyl chloride monomer supply agreement, and the purchase price is determined based on the sales price of polyvinyl chloride in Taiwan of the current month, the Asia spot report price of vinyl chloride monomer and the Asian prices of dichloroethane and ethylene.

The purchase of goods to related parties had no material differences from those of general sales transactions.

(4) Trade receivables from related parties

<u>Related Party Category/Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary		
CGPC-America	\$ 144,312	\$ 189,714
Investor with significant influence	630	-
Fellow subsidiary	128	-
	<u>\$ 145,070</u>	<u>\$ 189,714</u>

The outstanding trade receivables from related parties were unsecured. No loss allowance was set aside for receivables from related parties for 2022 and 2021.

(5) Trade payables to related parties

<u>Related Party Category/Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary		
TVCM	\$ 790,837	\$ 1,489,862
Others	5,074	9,521
Fellow subsidiary	7,487	9,865
Ultimate parent company	27	121
	<u>\$ 803,425</u>	<u>\$ 1,509,369</u>

The outstanding trade payables to related parties were unsecured.

(6) Other receivables from related parties

<u>Related Party Category</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary	\$ 1,118	\$ 1,540
Investor with significant influence	570	636
Fellow subsidiary	10	20
Ultimate parent company	7	8
Associate	2	3
Subsidiary of investor with significant influence	-	1

## Financial Summary



\$ 1,707

\$ 2,208

(7) Other payables to related parties

<u>Related Party Category</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Ultimate parent company	\$ 5,817	\$ 2,836
Grandchild company	454	-
Fellow subsidiary	124	145
Investor with significant influence	67	124
Subsidiary	<u>18</u>	<u>158</u>
	<u>\$ 6,480</u>	<u>\$ 3,263</u>

(8) Acquisitions of property, plant and equipment

<u>Related Party Category</u>	<u>Purchase Price</u>	
	<u>2022</u>	<u>2021</u>
Ultimate parent company	<u>\$ 3,850</u>	<u>\$ -</u>

(9) Endorsements and guarantees

<u>Related Party Category/Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary		
CGPCPOL	<u>\$ 600,000</u>	<u>\$ 1,000,000</u>

(10) Lease arrangements

<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
<u>Lease expenses</u>		
Ultimate parent company	\$ 4,895	\$ 4,591
Investor with significant influence		
APC	<u>1,639</u>	<u>1,429</u>
	<u>\$ 6,534</u>	<u>\$ 6,020</u>

The Company leases offices in Neihu from Ultimate parent company and APC. The rentals are paid on a monthly basis.

(11) Management service expenses

<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
Fellow subsidiary		
UM	\$ 74,077	\$ 42,946
Ultimate parent company	<u>3,710</u>	<u>3,883</u>
	<u>\$ 77,787</u>	<u>\$ 46,829</u>

UM and the ultimate parent company provide labor support, equipment and other related services to the Company. The contract became effective from July 1, 2001. The service expenses were based on the actual quarterly expenses which should be paid in the subsequent quarter following the related service.

(12) Donations

<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
------------------------------------	-------------	-------------

Related party in substance		
USIF	<u>\$ 5,000</u>	<u>\$ 3,000</u>

(13) Rental income

<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
Fellow subsidiary		
USIO	\$ 4,100	\$ 3,337
Others	37	26
Investor with significant influence	<u>273</u>	<u>280</u>
	<u>\$ 4,410</u>	<u>\$ 3,643</u>

USIO signed a factory lease contract with the Company with a lease term until April 15, 2023. The Company collects fixed rental amounts on a monthly basis. USIO does not have a bargain purchase option to acquire the leased factory at the expiry of the lease period.

(14) Other income

<u>Related Party Category</u>	<u>2022</u>	<u>2021</u>
Investor with significant influence	\$ 1,378	\$ 1,627
Subsidiary	<u>227</u>	<u>66</u>
	<u>\$ 1,605</u>	<u>\$ 1,693</u>

(15) Other expenses

<u>Related Party Category</u>	<u>2022</u>	<u>2021</u>
Subsidiary	\$ 48	\$ 437
Grandchild company	<u>737</u>	<u>-</u>
	<u>\$ 785</u>	<u>\$ 437</u>

(16) Compensation of key management personnel

	<u>2022</u>	<u>2021</u>
Salaries and others	\$ 20,323	\$ 22,768
Retirement benefits	<u>108</u>	<u>108</u>
	<u>\$ 20,431</u>	<u>\$ 22,876</u>

The compensation of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

**26. Assets Pledged as Collateral or Security**

The following assets were provided as collateral for the performance guarantee for the tariffs of imported raw materials and use of fuel:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Pledge time deposits (Refundable deposits)	<u>\$ 8,401</u>	<u>\$ 8,390</u>

**27. Significant Contingent Liabilities and Unrecognized Commitments**

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of the end of the reporting period were:

- (1) As of December 31, 2022 and 2021, the Company's unused letters of credit amounted to



\$5,062 thousand and \$32,206 thousand, respectively.

## Financial Summary



(2) Description of Kaohsiung gas explosions:

Regarding the associate, China General Terminal & Distribution Corporation (hereinafter "CGTD"), who was commissioned to operate the LCY Chemical Corp.'s propylene pipeline resulting in a gas explosion on July 31, 2014, the appeal was dismissed by the Supreme Court on September 15, 2021, and all three employees of CGTD were innocent.

CGTD reached an agreement with Kaohsiung City Government on February 12, 2015 and pledged a term deposit of \$228,904 thousand (including interest) to the Government as a guarantee for losses caused by the gas explosions. The Kaohsiung City Government has also filed civil litigation against LCY Chemical Corp. CGTD, and CPC Corporation. Taiwan Power Company applied for provisional attachment against CGTD's property on August 27 and November 26, 2015. CGTD had deposited cash of \$ 99,207 thousand to the court to avoid provisional attachment. Taiwan Water Corporation also applied for provisional attachment against CGTD's property on February 3 and March 2, 2017. Assets under attachment amounted to approximately \$11,393 thousand as of February 23, 2023.

As for the victims, CGTD, LCY Chemical Corp. and Kaohsiung City Government signed a tripartite agreement on July 17, 2015 agreeing to negotiate the compensation first with the 32 victim's successors and persons entitled to the claims ("family of the victim"). Each victim's family was entitled to \$12,000 thousand and the total compensation was \$384,000 thousand. The compensation was first paid by LCY who also represent the three parties in the settlement negotiation and the signing of settlement agreements with family of the victim. CGTD also agreed to pay \$157,347 thousand to LCY on August 10, 2022 in accordance with 30% of the proportion of fault liability in the first instance judgment in accordance with a tripartite agreement. After that, when the civil litigation is determined, it will be compensated according to the determined liability ratio.

As for the seriously injured victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for serious injuries on October 25, 2017 agreeing to negotiate the compensation first with the 65 seriously injured victims. The compensation was first paid by CGTD and the Kaohsiung City Government. CGTD also represents the three parties in negotiating settlements with victims who suffered serious injuries in the incident. It has signed settlement agreements with 64 of the victims.

As of February 23, 2023, victims and their families have filed civil (including supplementary civil action) lawsuits against LCY Chemical Corp., CGTD and CPC Corp. for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim of \$46,677 thousand, and the amount of the settlement was \$4,519 thousand. Along with the case still under litigation and the above-mentioned compensation, the accumulated amount of compensation is \$3,856,447 thousand. The first-instance judgments of some of the above-mentioned civil cases (with a total amount of compensation of approximately \$1,440,672 thousand) have been gradually announced, starting from June 22, 2018. The proportion of fault liability of the Kaohsiung City Government, LCY Chemical Corp. and CGTD is 4 : 3 : 3 in most judgments. The total amount of compensation that CGTD, LCY Chemical Corp. and the other defendants should pay is around \$401,979 thousand. (In particular, CGTD was exempted to pay \$6,194 thousand according to the court's judgment.) For the civil cases that have been sentenced but not settled, CGTD has filed an appeal and has started the second trial procedure one after another. The rest cases are still under trial in the Court of First Instance (the amount of compensation requested is approximately \$1,912,949 thousand). CGTD has signed a claim settlement agreement with the insurance company in accordance with the proportion of fault liability determined in the first-instance judgment to estimate the amount of settlement for victims and seriously injured and the civil litigation compensation amount (including settled cases). The maximum amount of the insurance compensation was



deducted to calculate the amount payable by CGTD and the NT\$136,375 thousand has been included in the estimate on the account. However, the actual settlement and compensation amount described above can only be verified after the proportion of fault liability is determined in the civil judgments.

## 28. Significant Assets and Liabilities Denominated in Foreign Currencies

The company entities' significant assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies Assets and liabilities with significant impact recognized in foreign currencies are as follows:

Unit: Except for the exchange rate, all in thousands

### December 31, 2022

	Foreign Currencies	Exchange Rate (In Single Dollars)	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 19,184	30.710 (USD:NTD)	\$ 589,130
AUD	707	20.830 (AUD:NTD)	14,732
EUR	574	32.720 (EUR:NTD)	18,769
GBP	122	37.090 (GBP:NTD)	4,521
<u>Non-monetary items</u>			
Subsidiaries accounted for using the equity method			
USD	16,933	30.710 (USD:NTD)	520,021
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	1,232	30.710 (USD:NTD)	37,839
EUR	152	32.720 (EUR:NTD)	4,970

### December 31, 2021

	Foreign Currencies	Exchange Rate (In Single Dollars)	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 39,168	27.680 (USD:NTD)	\$ 1,084,157
AUD	1,000	20.080 (AUD:NTD)	20,078
EUR	662	31.320 (EUR:NTD)	20,724
<u>Non-monetary items</u>			
Subsidiaries accounted for using the equity method			
USD	19,529	27.680 (USD:NTD)	540,554
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	412	27.680 (USD:NTD)	11,414

For the years ended December 31, 2022 and 2021, net foreign exchange gains (losses) were \$139,778 thousand, and (\$45,472) thousand, respectively. It is impractical to disclose net foreign exchange losses by each significant foreign currency due to the variety of the foreign currencies.

## 29. Supplementary Disclosures

- (1) Information on Significant Transactions :
  - 1) Financing provided to others: Table 1.
  - 2) Endorsements/guarantees provided: Table 2.
  - 3) Marketable securities held: Table 3.
  - 4) Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: Table 4.
  - 5) Acquisitions of individual real estate at costs of at least \$300 million or 20% of the paid-in capital: None.
  - 6) Disposals of individual real estate at prices of at least \$300 million or 20% of the paid-in capital: None.
  - 7) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 5.
  - 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 6.
  - 9) Trading in derivative instruments: Note 7.
- (2) Information on investees: Table 7.
- (3) Information on Investments in Mainland China
  - 1) Information on any investee company in Mainland China, including the company names, major business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China: Table 8.
  - 2) The following information on any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
    - I) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - II) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - III) The amount of property transactions and the amount of the resultant gains or losses.
    - IV) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and their purposes.
    - V) The highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
    - VI) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- (4) Information of major shareholders: List of all shareholders with ownership of 5% or greater showing the names and the number shares and percentage of ownership held by each shareholder: Table 9.

China General Plastics Corporation

Financing Provided to Others

For the Year Ended December 31, 2022

Table 1

Unit: NT\$ thousands

Number	Lender	Borrower	Financial Statement Account	Related party (Yes/No)	Highest Balance for the Period	Balance at the End of the Period	Actual Borrowing Amount	Range of Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower(Note)	Aggregate Financing Limit (Note)
													Item	Value		
0	China General Plastics Corporation	CGPC Polymer Corporation	Other receivables from related parties	Yes	\$ 300,000	\$ 300,000	\$ -	-	Short-term financing	\$ -	Business turnover	\$ -	-	\$ -	\$ 3,778,709	\$ 3,778,709

Note: The Company's latest financial statements were audited or reviewed by CPAs at 40% of the net value.

**China General Plastics Corporation**  
**Endorsements/Guarantees Provided**  
**For the Year Ended December 31, 2022**

Table 2

Unit: NT\$ thousands

Number	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Made for Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual borrowing amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) (Note 2)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement /Guarantee Made by Parent for Subsidiaries	Endorsement /Guarantee Made by Subsidiaries for Parent	Endorsement /Guarantee Made for Companies in Mainland China
		Company Name	Relationship										
0	China General Plastics Corporation	CGPC Polymer Corporation	Subsidiary	\$ 5,668,063	\$ 1,000,000	\$ 600,000	\$ 100,000	None	6.35%	\$ 9,446,772	Yes	No	No

Note 1. The ratio is calculated using the ending balance of equity of the Company as of December 31, 2022.

Note 2. The total amount of guarantee that may be provided by the Company shall not exceed 100% of the Company’s net worth stated on the latest financial statements; the total amount of guarantee provided by the Company to any single entity shall not exceed 60% of the Company’s net worth stated on the latest financial statements.

**China General Plastics Corporation**  
**Marketable Securities Held**  
**December 31, 2022**

Table 3

Unit: NT \$thousands

Holding Company Name	Type and Name of Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Unit / Share	Carrying Amount	Percentage of Ownership (%)	Fair value	
China General Plastics Corporation	<u>Beneficiary securities</u>							
	Cathay No. 1 Real Estate Investment Trust	—	Financial assets at FVTPL - current	2,997,000	\$ 54,186	-	\$ 54,186	(Note 1)
	<u>Mutual Funds</u>							
	Taishin 1699 Money Market Fund	—	Financial assets at FVTPL - current	9,445,668	130,021	-	130,021	(Note 1)
	Jih Sun Money Market Fund	—	"	7,974,063	120,176	-	120,176	(Note 1)
	CTBC Hua-Win Money Market Fund	—	"	4,475,635	50,030	-	50,030	(Note 1)
	Yuanta De-Li Money Market Fund	—	"	3,019,311	50,028	-	50,028	(Note 1)
	<u>Ordinary shares</u>							
	China Steel Corporation	—	Financial assets at FVTPL - current	350,000	10,430	-	10,430	(Note 1)
	Tungsho Steel Corporation	—	"	95,500	5,033	-	5,033	(Note 1)
	Quanta Storage Inc.	—	"	86,000	3,453	-	3,453	(Note 1)
Taiwan VCM Corporation	<u>Ordinary shares</u>							
	KHL IB Venture Capital Co., Ltd.	—	Financial assets at FVTOCI - non-current	4,977,475	67,644	5.95%	67,644	(Note 1)
	<u>Mutual Funds</u>							
	Taishin Ta-Chong Money Market Fund	—	Financial assets at FVTPL - current	8,593,337	124,011	-	124,011	(Note 1)
	Taishin 1699 Money Market Fund	—	"	8,735,968	120,252	-	120,252	(Note 1)
	Yuanta De-Li Money Market Fund	—	"	6,037,918	100,045	-	100,045	(Note 1)
	Hua Nan Phoenix Money Market Fund	—	"	2,119,619	35,015	-	35,015	(Note 1)
	<u>Ordinary shares</u>							
CGPC Polymer Corporation	Asia Polymer Corporation	The major shareholders are the same as the those of the Company	Financial assets at FVTOCI - non-current	130,244	3,673	0.02%	3,673	(Note 1)
	<u>Mutual Funds</u>							
	Cathay Taiwan Money Market Fund	—	Financial assets at FVTPL - current	3,963,221	50,013	-	50,013	(Note 1)
CGPC (BVI) Holding Co., Ltd.	Yuanta De-Li Money Market Fund	—	"	1,811,091	30,009	-	30,009	(Note 1)
	<u>Ordinary shares</u>							
	Teratech Corporation	—	Financial assets at FVTPL - non-current	112,000	-	0.67%	-	(Notes 1 and 3)
	SOHOWare, Inc - preferred shares	—	"	100,000	-	-	-	(Notes 1, 2, and 3)

Note 1. The marketable securities were not pledged as guarantees or collateral for borrowings and are not subject to restrictions.

Note 2. The preferred shares are not used in the calculation of the shareholding ratio.

Note 3. As of December 31, 2022, the fair value of the equity instrument is evaluated as \$0.

**China General Plastics Corporation**  
**Marketable Securities Acquired and Disposed of at Costs and Prices of at Least NT\$300 Million or 20% of the Paid-in Capital**  
**For the Year Ended December 31, 2022**

Table 4

Unit: NT\$ thousands

Buyer/Seller	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note)		Acquisition		Disposal				Ending Balance (Note)	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain on disposal	Shares	Amount
China General Plastics Corporation	<u>Mutual Funds</u> UPAMC James Bond Money Market Fund	Financial assets at FVTPL - current	—	—	-	\$ -	17,771,179	\$ 300,000	17,771,179	\$ 300,027	\$ 300,000	\$ 27	-	\$ -
Taiwan VCM Corporation	<u>Mutual Funds</u> Yuanta De-Li Money Market Fund	Financial assets at FVTPL - current	—	—	-	-	46,786,806	773,000	40,748,888	673,260	673,000	260	6,037,918	100,000
	Taishin Ta-Chong Money Market Fund	//	—	—	-	-	27,582,127	397,000	18,988,790	273,386	273,200	186	8,593,337	123,800
CGPC Polymer Corporation	<u>Mutual Funds</u> FSITC Taiwan Money Market Fund	Financial assets at FVTPL - current	—	—	6,464,876	100,000	15,826,464	245,000	22,291,340	345,074	345,000	74	-	-

Note: The amount refers to the original acquisition cost.



**China General Plastics Corporation**  
**Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital**  
**For the Year Ended December 31, 2022**

Table 5

Unit: NT\$ thousands

Buyer/Seller	Counterparty	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivables (Payables)		Note
			Purchase / Sales	Amount	Ratio to Total Purchase / Sales	Payment Terms	Unit Price	Payment Terms	Balance	Ratio to Total Notes or Trade Receivable (payable)	
China General Plastics Corporation Taiwan VCM Corporation	CGPC America Corporation	Subsidiary	Sales	(\$ 452,012)	( 4%)	90 days	No major difference	No major difference	\$ 144,312	14%	—
	China General Plastics Corporation	Parent company	Sales	( 6,196,440)	( 49%)	45 days	"	"	790,837	47%	—
	CGPC Polymer Corporation	Fellow subsidiary	Sales	( 5,516,012)	( 44%)	45 days	"	"	732,016	43%	—
	Fujian Gulei Petrochemical Co., Ltd.	Related party in substance	Purchases	1,071,372	10%	Sight Letter of Credit	"	"	-	-	—

**China General Plastics Corporation**  
**Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital**  
**December 31, 2022**

Table 6 Unit: NT\$ thousands

Company Name	Counterparty	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Treatment Method		
China General Plastics Corporation Taiwan VCM Corporation	CGPC America Corporation	Subsidiary	Trade receivables - related parties \$ 144,312	2.71	\$ -	—	\$ 60,571	Note 1
	China General Plastics Corporation	Parent company	Trade receivables - related parties 790,837	5.43	-	—	790,837	Note 1
	CGPC Polymer Corporation	Fellow subsidiary	Trade receivables - related parties 732,016	5.27	-	—	732,016	Note 1

Note 1. There is no allowance for impairment loss after an impairment assessment.

Note 2. The subsequent period is between January 1 and February 18, 2023.

China General Plastics Corporation  
Information on Investees  
For the Year Ended December 31, 2022

Table 7

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investor Company	Investee Company	Location	Business Content	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Shares	%	Carrying Amount			
China General Plastics Corporation	Taiwan VCM Corporation	No. 1, Gongye 1st Rd., Linyuan Dist., Kaohsiung City 832, Taiwan (R.O.C.)	Manufacturing and marketing of VCM	\$ 2,933,648	\$ 2,933,648	259,591,005	87.27%	\$ 4,076,858	\$ 21,552	\$ 223,093	Subsidiary
	CGPC Polymer Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacturing & marketing of PVC resins	800,000	800,000	100,000,000	100%	701,707	( 522,042 )	( 522,042 )	Subsidiary
	CGPC (BVI) Holding Co., Ltd.	Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	Reinvestment	1,073,906	1,073,906	16,308,258	100%	333,626	( 24,490 )	( 24,490 )	Subsidiary
	China General Terminal & Distribution Corporation	No. 1, Jianji St., Qianzhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)	Warehousing and transportation of petrochemical raw materials	41,106	41,106	23,892,872	33.33%	355,611	29,772	9,924	Associate accounted for using the equity method
	CGPC America Corporation	1181 California Ave., Suite 235 Corona, CA 92881 U.S.A.	Marketing of PVC film and leather products	648,931	648,931	100	100%	186,395	( 47,522 )	( 47,522 )	Subsidiary
	Acme Electronics Corporation	8F., No. 39, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacturing and marketing of Mn-Zn and Ni-Zn ferrite cores	33,995	33,995	3,176,019	1.74%	23,911	16,348	284	Associate accounted for using the equity method
Taiwan VCM Corporation	Global Green Technology Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Environmental detection services	50,000	-	5,000,000	100%	52,642	2,642	-	Subsidiary

**China General Plastics Corporation**  
**Information on Investments in Mainland China**  
**For the Year Ended December 31, 2022**

Table 8 Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investee Company	Business Content	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note 1)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Note 1)	Net Income (Loss) of Investee	Ownership Percentage of Direct or Indirect Investment	Share of Profit (Loss) (Note 4)	Carrying Amount as of December 31, 2022 (Notes 1)	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outflow	Inflow						
Continental General Plastics (Zhong Shan) Co., Ltd. ("CGPC (ZS)") (Note 4)	Manufacturing and marketing of PVC film and consumer products	\$ 614,200 (US\$ 20,000 thousand )	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	\$ 614,200 (US\$ 20,000 thousand )	\$ -	\$ -	\$ 614,200 (US\$ 20,000 thousand )	(\$ 26,469) (US\$ -865 thousand )	100%	(\$ 26,469) (US\$ -865 thousand )	\$ 240,228 (US\$ 7,823 thousand )	\$ -
CGPC Consumer Products Corporation ("CGPC (CP)") (Note 4)	Manufacturing and marketing of PVC consumer products	46,065 (US\$ 1,500 thousand )	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	46,065 (US\$ 1,500 thousand )	-	-	46,065 (US\$ 1,500 thousand )	653 (US\$ 22 thousand )	100%	653 (US\$ 22 thousand )	14,317 (US\$ 466 thousand )	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (Notes 1 and 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
\$ 831,688 (US\$ 27,082 thousand)	\$ 964,294 (US\$ 31,400 thousand)	\$ -

Note 1. The calculation was based on the spot exchange rate of December 31, 2022.

Note 2. As the Company has obtained the certificate of qualification for operating headquarters issued by the Industrial Development Bureau, MOEA No. 10920426850 on September 8, 2020, the upper limit on investment is not applicable.

Note 3. QuanZhou Continental General Plastics Co., Ltd. ("CGPC (QZ)") and Union (Zhong Shan) Co., Ltd. ("Union (ZS)") completed dissolution procedures, and CGPC (BVI) retrieved the residual assets. The shares of Continental General Plastics (San He) Co., Ltd. ("CGPC (SH)") were fully sold, and CGPC (BVI) retrieved the residual assets. However, the amount of capital has not been wired back to Taiwan. The accumulated amount includes the investment amount of CGPC (QZ) of US\$684 thousand, the investment amount of Union (ZS) of US\$898 thousand, and the investment amount of CGPC (SH) of US\$4,000 thousand.

Note 4. The investment income (loss) recognized in 2022 is based on the financial statements audited by the parent company's CPA.

**China General Plastics Corporation**

**Information on Major Shareholders**

**December 31, 2022**

Table 9

Names of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership
Union Polymer International Investment Corporation	145,079,236	24.97%
Asia Polymer Corporation	46,886,185	8.06%

Note: The information in this table refers to a total of holding shares of more than 5 percent of the Company's non- physical shares of common stock and preferred stock that have completed registration and delivery (including treasury shares), in accordance with the last business day of the end of the quarter of the Taiwan Depository & Clearing Corporation. The share capital recorded in the Company's consolidated financial report and the actual number of non-physical shares that have been registered and delivered may be different due to the different calculation basis.

China General Plastics Corporation

Responsible person: Wu, Yi-Gui