Stock Code: 1305

# China General Plastics Corporation

# Annual Report of 2023

Website of the Annual Report

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

M.O.P.S.: https://mops.twse.com.tw

Date of Publication: March 31, 2024

**I.Spokesperson of the Company:**

Name: Wu, Chien-Hsing
Title: Export Sales Department Manager
Tel: (02)2650-3749
E-mail: jhwu@usig.com

**Agent spokesperson of the Company:**

Name: Chen, Chih-Kuo
Title: Manager of General Manager's Office
Tel: (02)2650-3724
E-mail: KENNYCHEN@usig.com

**II.Address and telephone numbers of the head office and plant:**

| Name | Location | Telephone |
|---|---|---|
| Head office | 12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.) | (02)8751-6888 (Representative line) |
| Toufen Plant | No. 571, Minzu Road, Tianliao Li, Toufen City, Miaoli County, 351, Taiwan | (037)623-391 (Representative line) |

**III.Name, address, website and telephone number of the institution handling stock transfer**

Name: Stork Affair Department, China General Plastics Corporation
Address: 6F, No. 17, Lane 120, Sec. 1, Neihu Road, Neihu District, Taipei 114, Taiwan
USI Group website: https://www.usig.com/USIGStockHome.aspx
Tel: (02)2650-3773 (Representative line)

**IV. Certified Public Accountant for the annual financial statements of the recent year:**

Names of CPAs: Huang, Hsiu-chun and Chiu, Cheng-chun
Firm Name: Deloitte & Touche, Taipei, Taiwan, Republic of China
Address: 20F, No. 100, Songren Road, Xinyi District, Taipei 110, Taiwan
Website: https://www2.deloitte.com/tw/tc.html
Tel:(02)2725-9988

**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 2023

The Company's consolidated net revenue in 2023 was NT$13, 707 million, a budget achievement rate of 85% and a decrease of NT$3,930 million from last year. The consolidated net operating income was 460 million, a budget achievement rate of 54% and an increase of NT$1, 444 million from last year. The consolidated the net after tax was NT$394 million, a budget achievement rate of 60% and an increase of NT$732 million from last year. The consolidated the net profit attributable to the owners of the Company was NT$342 million, an increase of NT$712 million from last year.
In terms of raw materials:

Ethylene: The recovery in China has been sluggish, high interest rates in Europe and America have suppressed the demand for bulk raw materials and mitigated the impact of geopolitical conflicts. Despite the continued substantial expansion of ethylene capacity and producers adjusting operating rates to cope with the weak demand, these measures have struggled to support Asian ethylene prices, which even fell below the USD 800 mark at one point.

EDC: The international caustic soda prices continued to weaken, and the low operational rates of chlor-alkali plants affected EDC supply. In Q3, disputes between upstream and downstream Vinyl industry players in the USA hindered VCM production, releasing extra EDC and temporarily easing prices. In Q4, international travel restrictions drove up freight costs, prompting some EDC to be sold to more profitable markets, leading to a scarcity of EDC deliveries in Asia and causing a decoupling between EDC and PVC market trends.

Product Aspect: In Q1, VCM prices reached the annual high stimulated by the lifting of lockdowns in China. However, the weak demand for PVC became apparent after the Spring Festival, leading to a downturn in VCM market conditions. Despite production cuts by manufacturers in response, the purchasing atmosphere failed to improve, resulting in VCM prices fluctuating at low levels. The Company's annual VCM production is 426,000 metric tons. After deducting the amount used for in-house PVC powder production, 30,000 metric tons are available for external sales.

This represents a 5% decrease compared to the year 2022 and a 25% increase compared to the budgeted amount. In Q1, the PVC powder market saw a rebound after eight consecutive months of declines, driven by strong buying sentiment in India and optimism about the market recovery post-lockdown. However, the ongoing slump in China's real estate market, the weak recovery in downstream products, and the recent expansion of ethylene-based PVC production capacity in China, which led to annual exports exceeding 2.2 million metric tons, have hindered the rise in PVC prices in Asia and compressed profit margins. The Company's annual PVC production is 391,000 metric tons. After deducting the amount used for in-house downstream processing, 356,000 metric tons are available for external sales. This represents a 1% increase compared to the year 2022 and a 4% decrease compared to the budgeted amount. In terms of chemical products, poor downstream demand and equipment updates have led to a decline in production and sales volumes. The Company's annual production is 69,000 metric tons (calculated at 100% concentration), with sales amounting to 55,000 metric tons. This represents a 9% decrease compared to both the year 2022 and the budgeted figures. For processed products, particularly building materials, the passage of the Average Land Right Act has suppressed housing transactions, and the easing of import controls on low-cost surplus materials has increased the difficulty of bidding for public projects. The Company's annual production is 20,000 metric tons, with sales amounting to 19,000 metric tons. This represents a decrease of 3% compared to the year 2022 and 5% compared to the budgeted figures. For film/sheet products, the contraction of the end consumer market and competitive pricing from China and Southeast Asia have impacted sales. The Company's annual production and sales both stand at 20,000 metric tons. This represents a decrease of 13% compared to the year 2022 and 20% compared to the budgeted figures. For leather products, the recovery of the tourism and entertainment sectors in North America has stimulated demand for furniture and automotive upholstery. The Company's annual production is 5.13 million yards, with sales totaling 5.34 million yards. This represents a decrease of 10% compared to the year 2022 and 33% compared to the budgeted figures.

## 2. Outline of 2024 Business Plan

In terms of raw materials:

Ethylene: The global economic growth rate is better than previously expected, and the demand for ethylene and petrochemical products is anticipated to improve alongside economic prospects. This year, the addition of new ethylene capacity has slowed significantly to 3.7 million tons compared to the rapid expansions in recent years. Cracker plants are not rushing to increase operating rates due to limited demand, suggesting that ethylene prices are expected to rise steadily in the short term.

EDC: International caustic soda prices have been consolidating at low levels for some time, but recent signs of recovery in caustic prices may boost the operating rates of chlor-alkali plants and gradually increase EDC supply. Additionally, with Middle Eastern producers expected to resume normal supplies and new EDC capacities in Asia set to come online by the end of the year, the tight supply situation for EDC is expected to ease.

Product Aspect: The relaxation of housing purchase restrictions in China, the promotion of infrastructure development, and the anticipated interest rate cuts in Europe and America, along with a de-escalation of regional conflicts, are all favorable factors that will likely heat up demand. The rigid demand in India and other emerging markets continues to grow, which will stabilize PVC prices as inventory levels are reduced and a market bottom is established.

The Company is focused on global net-zero carbon emissions and domestic carbon tax trends, actively implementing ESG sustainable management practices. Efforts include replacing energy-intensive equipment, increasing the proportion of low-carbon energy sources, installing photovoltaic systems, integrating AI to optimize processes, and improving energy efficiency and safety. Since 2017, the Toufen plant has initiated eight major renovation projects. Last year, the board approved an investment of NT$4.5 billion for the renewal of core facilities, including the polymerization reactors and surrounding equipment. This upgrade not only enhances production capacity and equipment safety but also significantly reduces energy consumption and VOCs emissions; The management team leverages vertical integration to expand profit margins, ensure occupational and environmental safety, continuously reduce costs, and fulfill social responsibilities. The goal is to achieve a total sales volume of 520,000 metric tons across various products in the fiscal year 2024 and to sustain the long-term operation of the enterprise.

**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 is 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 it 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 2024.

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

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.

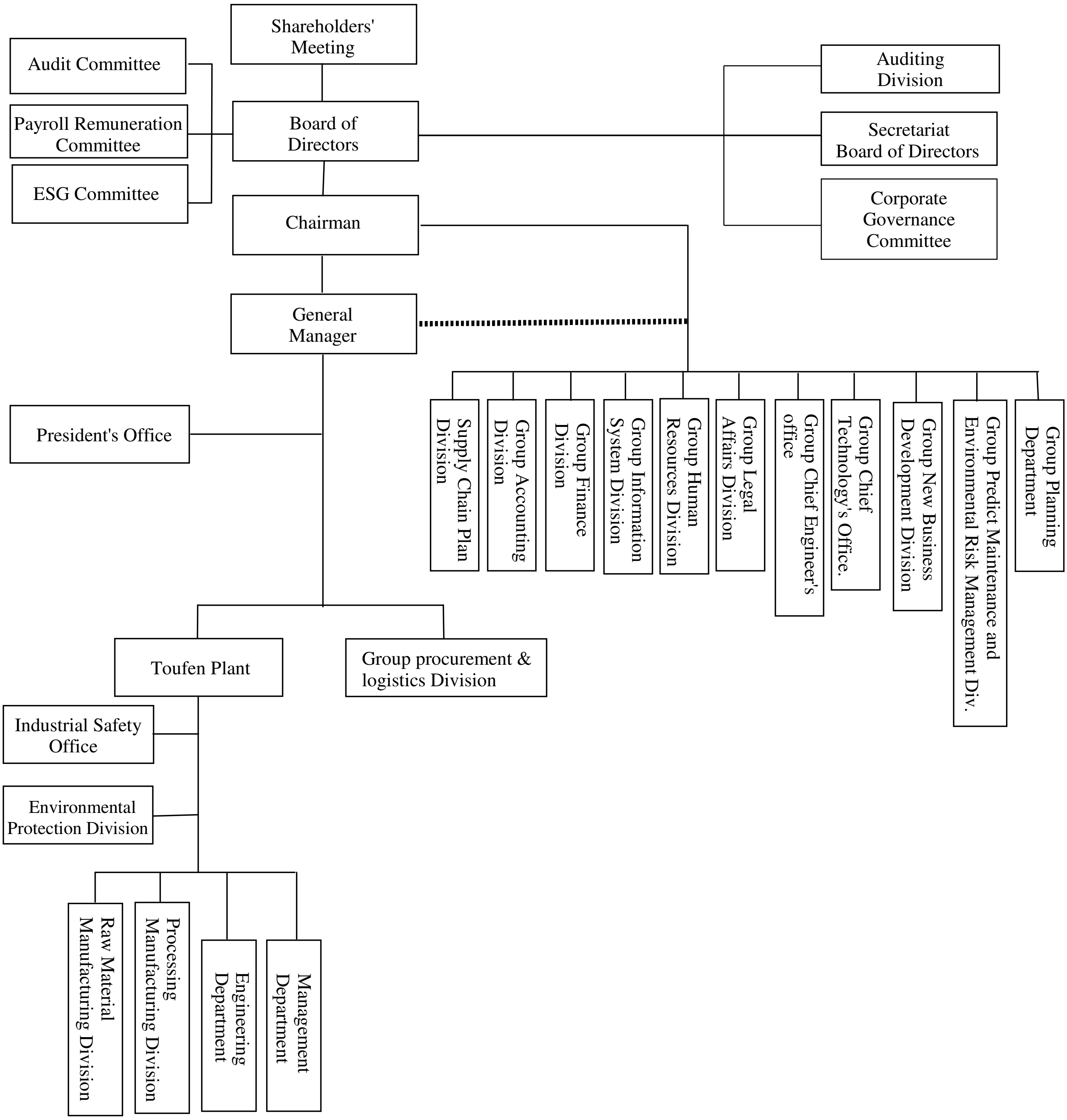
In September 2019, PVC resin annual production capacity was raised to 430,000 tons from 410,000 tons.

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, 2024



## (II) Responsibilities and Functions of Major Divisions

| Departments | Main Responsibilities |
|---|---|
| General Manager | Management of the Company's operations. |
| President's Office | 1.Assist the General Manager in Implementing Its business strategies and management policies.<br>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.<br>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. |
| Industrial Safety Office | The Office establishes safety and health systems, assists units in implementing such systems and controlling hazardous risks, and to ensure the safety and health measures for personnel, properties, and the community. |
| Environmental Protection Division | The Office establishes environmental management system, implement air pollution prevention, water pollution prevention, waste management, and toxic chemical substance management, and promote ISO 14001, ISO 14064 greenhouse gas inventory, ISO 46001 water resource efficiency and other management systems, as well as resource recycling and net-zero carbon emissions to establish a friendly environment and ensure the company’s sustainable operation. |
| 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. |
| Processing Manufacturing Division | 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, accommodation, 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 | 1.The Committee evaluates the remuneration policy and system of the Directors and managers objectively and makes suggestions to the Board of Directors accordingly for policy-making reference.<br>2.The Committee adopts a comprehensive remuneration management system to encourage managerial officers to perform their duties for business operations, improve management |

| Departments | Main Responsibilities |
|---|---|
| | performance, core competitiveness, and short, mid, and long-term profitability and create value for shareholders. |
| Audit Committee | 1.Establishment, amendment, and evaluation of the effectiveness of internal control systems.<br>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.<br>3.Major assets or derivative trading.<br>4.Major loaning of funds, making of endorsements or guarantees.<br>5.Appointment, dismissal, and compensation of CPAs.<br>6.Review the annual financial reports.<br>7.Other important items required by other companies or the competent authority |
| ESG Committee | 1.Determine the sustainable development policy.<br>2.Supervising sustainable development strategies, the implementation of the annual plan and project plans, and evaluating the implementation.<br>3.Reviewing and approving the sustainable development report.<br>4.Reporting the implementation of sustainable development activities to the Board of Directors each year. |
| Secretariat Board of Directors | 1.Plan and handle matters related to Board of Directors' meetings.<br>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.<br>3.Assist in promoting and handling decrees issued by the competent authority. |
| Audit Division | 1.Implement internal audit and improve workflows in the Company.<br>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. |
| Group Planning Department | 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.<br>2.Analyze and follow macroeconomic conditions.<br>3.Follow and analyze upstream industries and future competitors.<br>4.Project coordination and follow up. |
| Supply Chain Plan Division | 1.Purchase and audit major capital expenditures including bulk raw materials, machinery and equipment.<br>2.Plan the supervision and execution of trading and transportation, warehousing, and customs-related operations |
| Group Accounting Division | 1.Preparation and analysis of financial statements and budgets to be used by decision-making units for the management and formulation of strategies.<br>2.Establishment, evaluation, and implementation of accounting systems<br>3.Planning and reporting of various taxes.<br>4.Regular announcement or reporting of financial performance. |
| Group Finance Division | 1.Fund management, and planning and scheduling of fundraising activities.<br>2.Fundraising planning and financial management and investments.<br>3.Property insurance and filing claims.<br>4.Monitor customer credit and risks.<br>5.Shareholder matters and regulatory compliance.<br>6.Planning and execution of financial projects. |
| Group Information System Division | 1.Plan, build, develop, and manage various information systems and facilities at the Company.<br>2.Planning and execution of information security system and implementation of |

| Departments | Main Responsibilities |
|---|---|
| | information security management operations, including network security framework in the five major aspects of identification, protection, detection, response, and recovery. |
| Group Human Resources Division | 1.Plan human resources strategies and systems.<br>2.Plan training and organizational development strategies.<br>3.Plan and handle salary and benefits.<br>4.Provide employee services and handle general affairs.<br>5.Assist overseas branches in organizational planning and personnel dispatch and training. |
| Group Legal Affairs Division | 1.Review contracts and legal documents.<br>2.Handle legal cases.<br>3.Research legal issues of projects.<br>4.Provide legal advice.<br>5.Other relevant legal matters. |
| Group Chief Engineer's office | 1.Assist and participate in the construction of new plants, or deal with such constructions entirely.<br>2.Assist and participate in the improvement of equipment and local manufacturing processes in operation, or deal with such cases entirely.<br>3.Integration of engineering personnel and engineering specifications. |
| Group Chief Technology's Office. | Responsible for integrating product R&D and innovation at each affiliated company. |
| Group New Business Development Division | 1.Assist in formulating marketing strategies for new businesses, and establish appropriate business models.<br>2.Responsible for developing new products or acquiring new customers to increase revenue.<br>3.Integrate company resources and generate synergy so as to enhance the successful development of new businesses. |
| Group Predict Maintenance and Environmental Risk Management Division | 1.Assist the plants in establishing preventive maintenance systems.<br>2.Improvement and enhancement of existing equipment.<br>3.Equipment fault management and prevention.<br>4.Regular/periodic audits, coaching, and training.<br>5.Environment risk management planning and technical supervision.<br>6.Plan and promote compliance with laws related to energy conservation and carbon reduction and establish related systems. |
| Corporate Governance Committee | 1.Assist Directors in performing their duties, provide the necessary information, arrange continuing education for Directors, and process liability insurance policies.<br>2.Organize matters related to the proceedings of Board of Directors' meetings and shareholders' meetings and confirm compliance matters of resolutions.<br>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. |

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

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

March 30, 2024 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 | Shareholding ratio | Shares | Shareholding ratio | Shares | Shareholding ratio | Shares | Shareholding ratio | | | Job Title | Name | Relationship | |
| Director and Chief Executive Officer | Taiwan (R.O.C.) | Union Polymer International Investment Corporation | Male 71 to 75 years old | May 30, 2022 | 3 years | June 12, 2001 | 145,079,236 | 24.97% | 145,079,236 | 24.97% | — | — | — | — | Chairman, USI | (Note 7) | None | | | Note 5 |
| | | Representative: Wu, Yi-Gui | | | | February 27, 1997 | — | — | — | — | — | — | — | — | | | | | | |
| Vice Chairperson and General Manager | Taiwan (R.O.C.) | Union Polymer International Investment Corporation | Male 76 to 80 years old | May 30, 2022 | 3 years | June 12, 2001 | 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 | | | |
| | | Representative: Lin, Han-Fu | | | | June 18, 2010 | — | — | — | — | 145,077 | 0.02% | — | — | | | | | | |

| 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 | Shareholding ratio | Shares | Shareholding ratio | Shares | Shareholding ratio | Shares | Shareholding ratio | | | Job Title | Name | Relationship | |
| Director | Taiwan (R.O.C.) | Asia Polymer Corporation Representative: Wu, Pei-Ji | Male 56 to 60 years old | September 23, 2022 | 2 years and 8 months | May 30, 2022 | 46,886,185 | 8.07% | 46,886,185 | 8.07% | – | – | – | – | Experience provided in (Note 9) | (Note 10) | None | | | |
| | | | | | | September 23, 2022 | – | – | – | – | – | – | – | – | | | | | | |
| Director | Taiwan (R.O.C.) | Asia Polymer Corporation Representative: Liu, Han-Tai | Male 71 to 75 years old | May 30, 2022 | 3 years | May 30, 2022 | 46,886,185 | 8.07% | 46,886,185 | 8.07% | – | – | – | – | PhD in Chemical Engineering, Pennsylvania State University (U.S.A.) | (Note 11) | None | | | |
| | | | | | | June 18, 2010 | – | – | – | – | – | – | – | – | | | | | | |
| Director | Taiwan (R.O.C.) | USI Investment Co., Ltd. Representative: Wu, Hung-To | Male 36 to 40 years old | May 30, 2022 | 3 years | May 30, 2022 | 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 12) | None | | | |
| | | | | | | June 21, 2019 | – | – | – | – | – | – | – | – | | | | | | |

| 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 | Shareholding ratio | Shares | Shareholding ratio | Shares | Shareholding ratio | Shares | Shareholding ratio | | | Job Title | Name | Relationship | |
| Independent Director | Taiwan (R.O.C.) | Li, Zu-De | Male 71 to 75 years old | May 30, 2022 | 3 years | June 13, 2016 | – | – | – | – | – | – | – | – | Bachelor, School of Dentistry Bachelor's degree, Taipei Medical University; experience provided in (Note 13) | (Note 14) | None | | | |
| Independent Director | Taiwan (R.O.C.) | Zheng, Ying-Bin | Male 61 to 65 years old | May 30, 2022 | 3 years | June 13, 2016 | – | – | – | – | – | – | – | – | MBA, National Taiwan University. Chairman of Long Chen Paper Co., Ltd. | (Note 15) | None | | | |
| Independent Director | Taiwan (R.O.C.) | Hsu, Chen-I | Male 56 to 60 years old | May 30, 2022 | 3 years | May 30, 2022 | – | – | – | – | – | – | – | – | Master of Business Administration, Swiss Business School; experience provided in (Note 16) | (Note 17) | None | | | |
| Independent Director | Taiwan (R.O.C.) | Li, Liang-Xian (Note 6) | Male 76 to 80 years old | May 30, 2022 | 3 years | June 13, 2016 | – | – | – | – | – | – | – | – | Department of Chemistry, Fu Jen Catholic University; experience provided in (Note 18) | None | None | | | |

Note 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.

Note 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.

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

Note 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.

Note 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.

Note 6: Mr. Li, Liang-Xian, an independent directo0r, resigned on October 12, 2023, and the information disclosed up to the date of his resignation.

Note 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., CGPCPOL, 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, 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, PT. Swanson Plastics Indonesia, USI Green Energy, Zhangzhou USI, Yutao Investment, Dasheng Ventures, Dasheng Yiyi Ventures, CTCI Group, Acme Advanced Materials and USI (Xiamen)

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

Note 8: Chairman: CGPCZS3 and Taiwan VCM Corporation

Director: CGPC (BVI), CGPC America, CGPCPOL, CGTD, GGTC, and USI Education Foundation

General Manager: CGPC, Taiwan VCM Corporation, CGPCPOL, CGPCZS3

Note 9: General Manager: Dow Chemical's Thermosetting Materials Division in Asia Pacific

Director: Dow Chemical's basic plastic sales in Greater China

Sales Engineer: ESSO Taiwan Branch

Note 10: Chairman: USI Green Energy, Taita Chemical Company Limited (ZhongShan), Taita Chemical Company Limited (Tianjin), CGPCPOL (Shanghai), Zhangzhou Taita, CIS (Xiamen), and Zhangzhou USI

Director: Dynamic Ever Investments Ltd., Ever Victory Global, Ever Conquest Global, Taita (BVI), APC (BVI), USI International, Golden Amber Enterprises, Swanlake, 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)

Note 11: Director: Ever Victory Global, Dynamic Ever Investments, Ever Conquest Global, Swanson (Malaysia), Continental General Plastics (Zhongshan) Co., Ltd., TVCM, CGTD, Swanson, Jusen, Taiwan United Venture Capital Corporation, USI Green Energy, Zhangzhou USI, ASK-Swanson, Swanson Plastics Corporation (Tianjin), Swanson Plastics Corporation (Kunshan)

Supervisor: Fujian Gulei Petrochemical

Deputy General Manager: USI Corporation

Note 12: Chairman: Yi Ding (Shares) Corporation, Twotwobio, Cainhe Rent Co., Ltd.

Note 13: 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

Note 14: 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.

Note 15: Chairman: Long Chen Paper Co., Ltd., Qianjiang Investment, Long Chen Investment, Fuchun Resort Limited

Directors: Long Chen Paper (China) Holdings Co., Ltd., Long Chen Co., Ltd., L&C Co., (BVI), Metis International, Inc., Yuema Engineering Co., Ltd.

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

Note 17: Chairman: TTFB company limited, Ch’eng Shih Investment

Note 18: 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.)

Table 1: Major shareholders of institutional shareholders March 30, 2024

| Name of Juristic Person Shareholder (Note 1) | Major shareholders of institutional shareholders (Note 2) | Percentage of Ownership |
|---|---|---|
| Union Polymer International Investment Corporation | USI Corporation | 100.00% |
| USI Investment Co., Ltd. | USI Corporation | 100.00% |
| Asia Polymer Corporation | Union Polymer International Investment Corporation | 36.08% |
| | Tai Lien International Investment Co., Ltd. | 2.41% |
| | Chunghwa Post Co., Ltd. | 2.20% |
| | TransGlobe Life Insurance Inc. | 2.17% |
| | First Product Insurance Co., Ltd. | 1.08% |
| | 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 is entrusted with the custody of Vanguard Total International Equity Index Fund, a series of funds of Vanguard Starlight Fund | 0.90% |
| | China General Terminal & Distribution Corporation | 0.89% |
| | Wei Heng Asset Management Co., Ltd. | 0.42% |
| | Citibank (Taiwan) as custodian of Dimensional Fund Advisors' Emerging Markets Core Portfolio Investment | 0.42% |

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

Note 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.

Note 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".

Major Shareholders of Institutional Shareholders with Corporations as Their Major Shareholders in Table 1

March 30, 2024

| Name of Corporate Shareholder (Note 1) | Major shareholders of institutional shareholders (Note 2) | Percentage of Ownership |
|---|---|---|
| USI Corporation | Shing Li 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% |
| Tai Lien International Investment Co., Ltd. | UPC Technology Corporation | 100.00% |
| China General Terminal & Distribution Corporation | China General Plastics Corporation | 33.33% |
| | Asia Polymer Corporation | 33.33% |
| | Taita Chemical Company, Limited | 33.33% |
| Chunghwa Post Co., Ltd. | Ministry of Communications | 100.00% |
| TransGlobe Life Insurance Inc. | Chung Wei Te Hui Co., Ltd. | 100.00% |
| First Product Insurance Co., Ltd. | Chien Ch'eng Development Co., Ltd. | 6.24% |
| | OSTA TRADING CO., LTD. | 5.25% |
| | Chien I Industrial Co., Ltd. | 2.43% |
| Wei Heng Asset Management Co., Ltd. | Shareholders' information is not provided | |

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

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

Note 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".

Note 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:

<table>
<tr><th>Qualifications<br>Name</th><th>Professional qualifications and experience (Note 1)</th><th>Independence (Note 2)</th><th>Number of other public companies in which the director also serves concurrently as an independent director</th></tr>
<tr><td>Wu, Yi-Gui</td><td>(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.<br>(2)Not having any of the situations set forth in Article 30 of the Company Act.</td><td rowspan="5">N/A</td><td rowspan="5">N/A</td></tr>
<tr><td>Lin, Han-Fu</td><td>(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.<br>(2)Not having any of the situations set forth in Article 30 of the Company Act.</td></tr>
<tr><td>Wu, Pei-Ji</td><td>(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.<br>(2)Not having any of the situations set forth in Article 30 of the Company Act.</td></tr>
<tr><td>Liu, Han-Tai</td><td>(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.<br>(2)Not having any of the situations set forth in Article 30 of the Company Act.</td></tr>
<tr><td>Wu, Hung-To</td><td>(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.<br>(2)Not having any of the situations set forth in Article 30 of the Company Act.</td></tr>
<tr><td>Li, Zu-De</td><td>(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.<br>(2)Not having any of the situations set forth in Article 30 of the Company Act.</td><td rowspan="2">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.</td><td>1</td></tr>
<tr><td>Zheng, Ying-Bin</td><td>(1)Zheng, Ying-Bin is currently the Chairman of Longchen Paper &Packing Co., Ltd., and has experience in the professional field of corporate operation and management.<br>(2)Not having any of the situations set forth in Article 30 of the Company Act.</td><td>0</td></tr>
</table>

| Qualifications<br><br>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 |
|---|---|---|---|
| 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.<br>(2)Not having any of the situations set forth in Article 30 of the Company Act. | | 0 |

Note 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.

Note 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 goal of diversifying the board of directors is to add a female director to achieve gender diversity. In addition, in response to the global trend of placing greater emphasis on sustainable corporate development, the Company intends to increase the number of Board members who are familiar with and specialized in the relevant fields to enhance the Company's sustainable competitiveness and improve the functioning of the Company's Board of Directors.

(2)Board Independence:

The Company's Board of Directors has a total of 9 directors, including 4 independent directors. However, Li, Liang-Xian resigned as an independent director on October 12, 2023 due to health reasons, and the vacancy of 1 seat will be filled by election to be held in 2024 Annual General Meeting of Shareholders. Three Independent Directors have not served more than three consecutive terms currently.

Currently, 8 of the directors are nationals, with 37.5% being independent directors, and 2 of the directors are employees with a percentage of 25%. The age distribution of directors includes one director under 50, two directors 51- 60 years old, one director 61- 70 years old, and four 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. (Note: The above ratios are based on the actual number of 8 directors and 3 independent directors.)

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

March 30, 2024 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 | Shareholding ratio | Shares | Shareholding ratio | Shares | Shareholding ratio | | | Job Title | Name | Relationship | |
| Chief Executive Officer | Taiwan (R.O.C.) | Wu, Yi-Gui | Male | Sep 1, 2009 | 0 | 0% | — | — | 0 | 0% | Chairman, USI | (Note 4) | None | | | Note 3 |
| General Manager | Taiwan (R.O.C.) | Lin, Han-Fu | Male | Feb 27, 2013 | 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 | Aug 19, 2016 | 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 | March 16, 2017 | 0 | 0% | 0 | 0% | 0 | 0% | Department of Chemistry, Fu Jen Catholic University | None | None | | | |
| Corporate Governance Officer | Taiwan (R.O.C.) | Chen, Yung-Chih | Male | May 9, 2019 | 0 | 0% | 0 | 0% | 0 | 0% | PhD in Law, Ludwig Maximilian University of Munich; experience provided in (Note 7) | (Note 8) | None | | | |
| General Factory Director | Taiwan (R.O.C.) | Tsai, Pei-Hong | Male | Jan 1, 2024 | 0 | 0% | 0 | 0% | 0 | 0% | Department of Chemical Engineering, Tatung University | None | None | | | |
| Director, Processing Manufacturing Division | Taiwan (R.O.C.) | Chang, Kwon-Hong | Male | July 1, 2022 | 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 | Jan 1, 2019 | 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 | November 1, 1999 | 817 | 0% | 0 | 0% | 0 | 0% | Department of Accounting, Tunghai University | Accounting Manager: CGPCPOL | None | | | |
| Director, Finance Department | Taiwan (R.O.C.) | Wu, Hui-Hsueh | Female | March 9, 2022 | 0 | 0% | 0 | 0% | 0 | 0% | EMBA, National Taiwan Normal University | None | None | | | |

Note 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.

Note 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.

Note 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.

Note 4: 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., CGPCPOL, 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, 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, PT. Swanson Plastics Indonesia, USI Green Energy, Zhangzhou USI, Yutao Investment, Dasheng Ventures, Dasheng Yiyi Ventures, CTCI Group, Acme Advanced Materials and USI (Xiamen)

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

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

Executive Director: Chinese National Federation of Industries

Note 5: Chairman: Continental General Plastics (Zhongshan) Co., Ltd. and Taiwan VCM Corporation

Director: CGPC (BVI), CGPC America, CGPCPOL, CGTD, GGTC, and USI Education Foundation

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

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

General Manager: CGPC America

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

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

Directors: Continental General Plastics (ZhongShan) Co., Ltd., Swanson Plastics Corporation (KunShan), Swanson Plastics Corporation (Guangzhou), Swanson Advancement, Taita Chemical Company Limited (ZhongShan), Taita Chemical Company Limited (Tianjin), Taita Chemical Company Limited (ZhangZhou), Zhangzhou USI

Supervisor: United Polymers Corporation, Zhanghzou USI, 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., CGTD, CEREBRA TECHNOLOGIES CO., LTD., and Fiducia Edge Technologies Co., Ltd.

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 two 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 TWSE or TPEx 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].

(7) TWSE/TPEx listed companies' net income after tax for the most recent year has increased by 10% or more, but the average annual salary of full-time employees who are not in supervisory positions has not increased from the previous year. (Note 6)

(8) TWSE/TPEx listed companies' after-tax profit for the most recent year decreased by 10% or more and exceeded NT$5 million, and the average compensation per director (excluding part-time employee compensation) increased by 10% or more and exceeded NT$100,000. (Note 7)

(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).

Note 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.

Note 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.

Note 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).

Note 4: Examples: Suppose the 2024 Annual Report was prepared by the Shareholders' Meeting in 2023 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., 2023) 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., 2022). Once the corporate governance evaluation results of the most recent year have been published, if any result is in the last two 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.

Note 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 at the most recent year (2021). 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.

Note 6: Examples: Suppose the 2024 Annual Report was prepared by the Shareholders' Meeting in 2023, if TWSE/TPEx listed companies' 2023 annual net income after tax increases by 10% or more over the 2022 annual report (this calculation should also be applied to the case where the company had a loss in the 2022 annual report and a profit in the 2023 annual report) but the average annual salary of full-time employees who are not in supervisory positions does not increase over the 2022 annual report, the remuneration of the individual directors should be disclosed. Compensation of individual directors. 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. The definition and calculation of full-time employees and their salaries are in accordance with the Taiwan Stock Exchange Co., Ltd. on the securities listed companies and overseas index stock funds listed overseas fund institutions information reporting operations and the consortium legal person of the Republic of China Securities Counter Trading Center information reporting operations for securities listed companies on the "full-time employees who are not in charge of salary information" declaration of operation instructions.

Note 7: Examples: Suppose the 2024 Annual Report was prepared by the Shareholders' Meeting in 2023, TWSE/TPEx listed companies shall disclose the remuneration of individual directors if its 2023 Annual Financial Report shows a decrease in after-tax profit or loss of more than 10% as compared to the 2022 Annual Financial Report and the amount of such decrease reaches more than NT$5 million (applicable to the company regardless of its after-tax profit or loss), and at the same time, the average increase in each director's remuneration (excluding part-time employee's remuneration) reaches 10% and is more than NT$100,000. The after-tax net profit and loss refers to the after-tax net profit and loss in the parent company only or individual financial report in the most recent year.

(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

| Job 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. | 1,000 | 1,000 | 0 | 0 | 0 | 0 | 200 | 218 | 1,200 / 0.35 | 1,218 / 0.36 | 10,153 | 19,407 | 0 | 108 | 5 | 0 | 38 | 0 | 11,358 / 3.32 | 20,771 / 6.07 | 33,856 |
| General Director | Lin, Han-Fu (Note 12) Representative of Union Polymer Int'l Investment Corp. | | | | | | | | | | | | | | | | | | | | | |
| General Director | Wu, Pei-Ji Representative of Asia Polymer Corporation | | | | | | | | | | | | | | | | | | | | | |
| General Director | Liu, Han-Tai Representative of Asia Polymer Corporation | | | | | | | | | | | | | | | | | | | | | |
| General Director | Wu, Hung-To Representative of USI Investment Co., Ltd. | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Li, Zu-De | 4,800 | 4,800 | 0 | 0 | 0 | 0 | 600 | 600 | 5,400 / 1.58 | 5,400 / 1.58 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,400 / 1.58 | 5,400 / 1.58 | 0 |
| Independent Director | Zheng, Ying-Bin | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Li, Liang-Xian | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Hsu, Chen-I | | | | | | | | | | | | | | | | | | | | | |

| Job 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 | | | |

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 any 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 and Independent 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 | Wu, Yi-Gui, Lin, Han-Fu, Liu, Han-Tai, Wu, Pei-Ji | Liu, Han-Tai, Wu, Pei-Ji | |
| NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive) | Li, Zu-De, Zheng, Ying-Bin, Li, Liang-Xian, Hsu, Chen-I, Wu, Hung-To | Li, Zu-De, Zheng, Ying-Bin, Li, Liang-Xian, Hsu, Chen-I, Wu, Hung-To | Li, Zu-De, Zheng, Ying-Bin, Li, Liang-Xian, Hsu, Chen-I, Wu, Hung-To | Li, Zu-De, Zheng, Ying-Bin, Li, Liang-Xian, Hsu, Chen-I, Wu, Hung-To |
| 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 | |
| NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive) | | | Lin, Han-Fu | Wu, Pei-Ji |
| NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive) | | | | Liu, Han-Tai |
| NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive) | | | | Wu, Yi-Gui, Lin, Han-Fu |
| 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$6,600 thousand | NT$6,618 thousand | NT$16,758 thousand | NT$60,027 thousand |

Note 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.

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

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

Note 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.

Note 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.

Note 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.

Note 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.

Note 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.

Note 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.

Note 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.

Note 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.

Note 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$1,809 as of December 31, 2023. The fuel expenses in 2023 amounted to NT$46 thousand. He is also provided with a driver and the remuneration paid to the driver totaled NT$735 thousand.

Note 13: The cost of the pension appropriated in 2023 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

| Job 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 | 9,192 | 11,917 | 108 | 216 | 5,758 | 12,287 | 10 | 0 | 43 | 0 | 15,068 / 4.41 | 24,463 / 7.15 | 16,115 |
| General Manager | Lin, Han-Fu | | | | | | | | | | | | | |
| Senior Executive Vice President | Hu, Chi-Hong | | | | | | | | | | | | | |

＊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) | | |
| NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive) | | Wu, Yi-Gui, and Lin, Han-Fu |
| 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$15,068 thousand | NT$40,578 thousand |

Note 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.

Note 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.

Note 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.

Note 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.

Note 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.

Note 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.

Note 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.

Note 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.

Note 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.

Note 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$1,809 as of December 31, 2023. The fuel expenses in 2023 amounted to NT$46 thousand. He is also provided with a driver and the remuneration paid to the driver totaled NT$735 thousand. The rent of the Executive Deputy General Manager's car totaled NT$371 thousand.

Note 11: The cost of the pension appropriated in 2023 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): N/A

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 | 48 | 48 | 0.01 |
| | General Manager | Lin, Han-Fu | | | | |
| | Senior Executive Vice President | Hu, Chi-Hong | | | | |
| | Senior Manager | Chen, Wan-Ta | | | | |
| | Corporate Governance Officer | Chen, Yung-Chih | | | | |
| | General Factory Director | Tsai, Pei-Hong | | | | |
| | Director, Processing Manufacturing Division | Chang, Kwon-Hong | | | | |
| | Director, Sales & Marketing Division | Chen, Wan-Yu | | | | |
| | Manager, Accounting Department | Kuo, Chien-Chou | | | | |
| | Director, Finance Department | Wu, Hui-Hsueh | | | | |

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

Note 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.

Note 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.

Note 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:

| Year / Category | 2022 | | 2023 | |
|---|---|---|---|---|
| | 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) | -0.62 | -0.63 | 0.35 | 0.36 |
| Independent Directors' remuneration as a percentage of NIAT (excluding those who concurrently serve as employees and receive related remuneration) | -1.14 | -1.14 | 1.58 | 1.58 |
| General Directors' remuneration as a percentage of NIAT (including those who concurrently serve as employees and receive related remuneration) | -3.16 | -5.49 | 3.32 | 6.07 |
| Independent Directors' remuneration as a percentage of NIAT (including those who concurrently serve as employees and receive related remuneration) | -1.14 | -1.14 | 1.58 | 1.58 |
| General Manager and Deputy General Manager's remuneration as a percentage of NIAT (%) | -3.75 | -6.08 | 4.41 | 7.15 |

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 serve 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. 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. Implementation of Corporate Governance

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

1.Information on Directors' attendance:

A total of 4 (A) meetings were held in the most recent fiscal year (2023). The attendance of Directors was as follows:

| Job Title | Name | 1st meeting March 2, 2023 | 2nd meeting May 2, 2023 | 3rd meeting August 1, 2023 | 4th meeting November 2, 2023 | Attendance in person B | Number of attendances by proxy | Attendance rate (%) 【B/A】 | Remark |
|---|---|---|---|---|---|---|---|---|---|
| Chairman | Wu, Yi-Gui (representative of Union Polymer Int'l Investment Corp.) | ◎ | ◎ | ◎ | ◎ | 4 | 0 | 100 | |
| Vice Chairperson and General Manager | Lin, Han-Fu (representative of Union Polymer Int'l Investment Corp.) | ◎ | ◎ | ◎ | ◎ | 4 | 0 | 100 | |
| Director | Wu, Pei-Ji (Representative of Asia Polymer Corporation) | ◎ | ◎ | ◎ | ◎ | 4 | 0 | 100 | |
| Director | Liu, Han-Tai (Representative of Asia Polymer Corporation) | ◎ | ◎ | ◎ | ◎ | 4 | 0 | 100 | |
| Director | Wu, Hung-To (Representative of USI Investment Co., Ltd.) | ◎ | ◎ | ◎ | ◎ | 4 | 0 | 100 | |
| Independent Director | Li, Zu-De | ◎ | ◎ | ◎ | ◎ | 4 | 0 | 100 | |
| Independent Director | Zheng, Ying-Bin | ◎ | ◎ | ◎ | ◎ | 4 | 0 | 100 | |
| Independent Director | Hsu, Chen-I | ☆ | ☆ | ◎ | ☆ | 1 | 3 | 25 | |
| Independent Director | Li, Liang-Xian | ◎ | ◎ | ◎ | — | 3 | 0 | 100 | He resigned on October 12, 2023, and should have attended 3 times. |

Note 1: Attendance in person: ◎ ; Attendance by proxy:☆; Absent: ＊.

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

Note 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.

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 Board of Directors<br>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 |
|---|---|---|---|
| 2023<br>1st meeting<br>March 2, 2023 | 1. Approved the recommendation at the general shareholders' meeting to lift the non-compete clause for directors. | Yes | None |
| | 2. Approved the appointment of CPAs for 2023. | Yes | None |
| | Opinions of independent directors: None. | | |
| | The Company's actions in response to the opinions of independent directors: None. | | |
| | Resolution: All the directors present voted in favor of the resolution without any dissenting opinion. | | |
| 2023<br>2nd meeting<br>May 2, 2023 | 1. Passed the endorsement guarantee for the subsidiary Company CGPC Polymer Corporation. | Yes | None |
| | 2. 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. | | |
| | Resolution: All the directors present voted in favor of the resolution without any dissenting opinion. | | |
| 2023<br>3rd meeting<br>August 1, 2023 | 1. Passed the endorsement guarantee for the subsidiary Company CGPC Polymer Corporation. | Yes | None |
| | 2. Passed the renovation and upgrading of rejoining tanks and peripheral equipment. | Yes | None |
| | Opinions of independent directors: None. | | |
| | The Company's actions in response to the opinions of independent directors: None. | | |
| | Resolution: All the directors present voted in favor of the resolution without any dissenting opinion. | | |
| 2023<br>4th meeting<br>November 2, 2023 | 1. Ratify the endorsement guarantee for the subsidiary Company CGPC Polymer Corporation. | Yes | None |
| | 2. Approved remuneration of CPAs for 2023. | Yes | None |
| | Opinions of independent directors: None. | | |
| | The Company's actions in response to the opinions of independent directors: None. | | |
| | Resolution: All the directors present voted in favor of the resolution without any dissenting opinion. | | |

2.2 Other than the matters mentioned above, other resolutions that are objected to 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 | Remark |
|---|---|---|---|---|
| Lin, Han-Fu<br>Wu, Pei-Ji<br>Liu, Han-Tai | Recommended the general shareholders' meeting to lift the non-compete clause for directors. | Recused directors are the subject of the proposed lifting of non-competition restriction | Did not participate in voting | 2023<br>1st meeting<br>March 2, 2023 |

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, 2023 to December 31, 2023 | Performance evaluation of the Board of Directors: The evaluation shall include at least the | Board of Directors Meeting Self-evaluation | I. Performance evaluation of the Board of Directors: The evaluation shall include at least the<br>1. Participation in Company operations<br>2. Improvement of the quality of the Board of Directors' decision making<br>3. Composition and structure of the Board of Directors<br>4. Election and continuous education of Directors<br>5. Internal control |
| | | Performance evaluation of individual director member | Board of Directors Meeting Self-evaluation of the members | II. Self-Evaluation by the Members of the Board of Directors<br>1. Understanding of the Company's goals and tasks<br>2. Understanding of the Director's responsibilities<br>3. Participation in Company operations<br>4. Management and communication of the internal relations<br>5. Expertise and continuing education of the Directors<br>6. Internal control |
| | | Performance evaluation of functional committees | Self-evaluation of the members of functional committees | III. Performance Evaluation of the Audit Committee<br>1. Participation in Company operations<br>2. Understanding of the duties of the Audit Committee.<br>3. Improvement of the quality of the Audit Committee' decision making.<br>4. Composition of the Audit Committee and selection of committee members.<br>5. Internal control |
| | | | | IV. Performance Evaluation of the Remuneration Committee<br>1. Participation in Company operations<br>2. Understanding of the Remuneration Committee's roles and responsibilities<br>3. Improvement in the Remuneration Committee's decision-making quality<br>4. Composition and member selection of the Remuneration Committee |

| Evaluation cycle (Note 1) | Period of Evaluation (Note 2) | Scope (Note 3) | Method (Note 4) | Evaluation Content (Note 5) |
|---|---|---|---|---|
| | | | | V. Evaluation of the performance of the ESG Committee<br>1. Participation in Company operations<br>2. Recognizing the responsibilities of the ESG Committee<br>3. Improvement of the quality of the ESG Committee' decision making<br>4. Composition of the ESG Committee and selection of committee members |

※The results of the performance evaluation of the Board of Directors and the functional committees in 2023 were reported to the first meeting of the Board of Directors in 2024 (March 5, 2024) and were disclosed on the Company's website after the meeting.

Note 1:Fill out the evaluation cycle for the evaluation of the Board of Directors such as once every year.

Note 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, 2023 to December 31, 2023.

Note 3:The scope of evaluation covers the evaluation of the performance of the Board of Directors, individual Directors, and functional committees.

Note 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.

Note 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 in 2011, Audit Committee in 2016 and ESG Committee in 2017 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 2023 is as follows:

| Job Title | Name | Date of Training | Organizer | Course Title | Number of Hours |
|---|---|---|---|---|---|
| Chairman | Wu, Yi-Gui | July 5, 2023 | Securities and Futures Institute | Chinese Communist Party Politics and Economy, International Situation and Cross-Strait Relations | 3 |
| | | October 13, 2023 | Securities and Futures Institute | How directors can supervise the company in corporate risk management and crisis management | 3 |
| Vice Chairperson and General Manager | Lin, Han-Fu | July 5, 2023 | Securities and Futures Institute | Chinese Communist Party Politics and Economy, International Situation and Cross-Strait Relations | 3 |
| | | July 18, 2023 | Accounting Research and Development Foundation | 2023 Transformational Finance and Sustainable Disclosure Seminar | 3 |
| | | October 13, 2023 | Securities and Futures Institute | How directors can supervise the company in corporate risk management and crisis management | 3 |
| | | November 16, 2023 | Taiwan Institute for Sustainable Energy Committee | 6th Global Corporate Sustainability Forum 3-1 | 3 |
| Director | Wu, Pei-Ji | July 5, 2023 | Securities and Futures Institute | Chinese Communist Party Politics and Economy, International Situation and Cross-Strait Relations | 3 |
| | | October 13, 2023 | Securities and Futures Institute | How directors can supervise the company in corporate risk management and crisis management | 3 |

| Job Title | Name | Date of Training | Organizer | Course Title | Number of Hours |
|---|---|---|---|---|---|
| Director | Liu, Han-Tai | July 5, 2023 | Securities and Futures Institute | Chinese Communist Party Politics and Economy, International Situation and Cross-Strait Relations | 3 |
| | | October 13, 2023 | Securities and Futures Institute | How directors can supervise the company in corporate risk management and crisis management | 3 |
| Director | Wu, Hung-To | July 5, 2023 | Securities and Futures Institute | Chinese Communist Party Politics and Economy, International Situation and Cross-Strait Relations | 3 |
| | | October 13, 2023 | Securities and Futures Institute | How directors can supervise the company in corporate risk management and crisis management | 3 |
| Independent Director | Li, Zu-De | July 5, 2023 | Securities and Futures Institute | Chinese Communist Party Politics and Economy, International Situation and Cross-Strait Relations | 3 |
| | | October 13, 2023 | Securities and Futures Institute | How directors can supervise the company in corporate risk management and crisis management | 3 |
| Independent Director | Zheng, Ying-Bin | March 10, 2023 | Taiwan Corporate Governance Association | General Economic Outlook for 2023 | 3 |
| | | August 14, 2023 | Taiwan Corporate Governance Association | Response and Countermeasures for Enterprises under the Changing Global Financial Situation | 3 |
| Independent Director | Hsu, Chen-I | November 9, 2023 | Securities and Futures Institute | Mastering the ESG Sustainability Formula | 3 |
| | | November 9, 2023 | Securities and Futures Institute | The Impact of the Implementation of Controlled Foreign Corporation (CFC) in Taiwan | 3 |
| Corporate Governance Officer | Chen, Yung-Chih | February 9, 2023 | Taiwan Institute for Sustainable Energy Committee | The 31st TCCS Board Meeting and CEO Seminar | 2 |
| | | March 27, 2023 | CNAIC | Corporate Resilience Taiwan Competitiveness | 3 |
| | | April 20, 2023 | Taiwan Institute for Sustainable Energy Committee | The 32nd TCCS Board Meeting and CEO Seminar | 2 |
| | | April 27, 2023 | Taiwan Stock Exchange Co., Ltd. | Seminar on Sustainable Development Action Plan for TWSE/TPEx listed companies | 3 |
| | | June 2, 2023 | CNAIC | 2023 Taishin Net Zero Power Summit | 3 |
| | | July 4, 2023 | Taiwan Stock Exchange Co., Ltd. | 2023 Cathay Sustainable and Climate Change Summit | 6 |
| | | July 5, 2023 | Securities and Futures Institute | Chinese Communist Party Politics and Economy, International Situation and Cross-Strait Relations | 3 |

| Job Title | Name | Date of Training | Organizer | Course Title | Number of Hours |
|---|---|---|---|---|---|
| | | July 13, 2023 | Taiwan Institute for Sustainable Energy Committee | The 33rd TCCS Board Meeting and CEO Seminar | 2 |
| | | September 4, 2023 | Financial Supervisory Commission | The 14th Taipei Corporate Governance Forum | 6 |
| | | October 13, 2023 | Securities and Futures Institute | How directors can supervise the company in corporate risk management and crisis management | 3 |
| | | October 20, 2023 | Securities and Futures Institute | Seminar on Prevention of Insider Trading in 2023 | 3 |
| | | October 26, 2023 | Taiwan Institute for Sustainable Energy Committee | The 34th TCCS Board Meeting and CEO Seminar | 2 |
| | | November 13, 2023 | Taiwan Institute for Sustainable Energy Committee | Strategy, Leadership, and Sustainable Innovation for CEO Excellence | 5 |
| | | November 15, 2023 | Securities and Futures Institute | 2023 Annual Insider Equity Trading Law Compliance Briefing | 3 |
| | | November 29, 2023 | Taiwan Stock Exchange Co., Ltd. | Carbon Markets: A New Chapter on Sustainable Future Summit | 3 |
| Manager, Accounting Department | Kuo, Chien-Chou | December 21, 2023 ~ December 26, 2023 | 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 | April 19, 2023 | Internal Audit Association | Analysis of the rules and practices of capital lending, endorsement guarantee and acquisition of disposable assets | 6 |
| | | July 3, 2023 | Internal Audit Association | How to Adjust Internal Controls to Meet New ESG Requirements | 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 4 (A) meetings were held in the most recent fiscal year (2023). The attendance of Independent Directors was as follows:

| Job Title | Name | Number of Attendance in Person (B) | Number of attendances by proxy | Attendance rate (%) (B/A) (Note 1, Note2) | Remark |
|---|---|---|---|---|---|
| Independent Director | Li, Zu-De | 4 | 0 | 100.00 | Refer to Note 3 (1) for the professional qualifications and experience |
| Independent Director | Zheng, Ying-Bin | 4 | 0 | 100.00 | Refer to Note 3 (2) for the professional qualifications and experience |
| Independent Director | Hsu, Chen-I | 1 | 3 | 25.00 | Refer to Note 3 (3) for the professional qualifications and experience |
| Independent Director | Li, Liang-Xian | 3 | 0 | 100.00 | Refer to Note 3 (4) for the professional qualifications and experience.<br>He resigned on October 12, 2023, and should have attended 3 times. |

Note 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.

Note 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.

Note 3: Professional qualifications and experience:

(1) Li, Zu-De serves as the Chairman of the Taipei Medical University. He has experience in directly supervising financial managers and accounting managers.

(2) Zheng, Ying-Bin is currently the Chairman of Longchen 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 2023:
   - 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 2022 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 3rd meeting of the 3rd Audit Committee on March 2, 2023 and the first meeting of the Board of Directors in 2023, 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
   - 3.5. The Company’s 2022 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.
   - 3.6. Assessment of the effectiveness of the internal control system
   - 3.7. 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:

<table>
<tr><th>Audit Committee Term Date</th><th>Proposal content and tracking</th><th>Items specified in Article 14-5 of the Securities and Exchange Act</th><th>Objections or expressed reservations expressed by Independent Directors</th></tr>
<tr><td rowspan="9">3rd term 3rd meeting March 2, 2023</td><td>1. Prepare the consolidated financial statements of the Company of 2022</td><td>Yes</td><td>None</td></tr>
<tr><td>2. 2022 profit distribution proposal.</td><td>Yes</td><td>None</td></tr>
<tr><td>3. The relief of Board of Directors competition.</td><td>Yes</td><td>None</td></tr>
<tr><td>4. 2023 evaluation of the independence of appointed CPAs.</td><td>Yes</td><td>None</td></tr>
<tr><td>5. Appointment of CPAs for 2023.</td><td>Yes</td><td>None</td></tr>
<tr><td>6. 2022 “Statement on Internal Control”.</td><td>Yes</td><td>None</td></tr>
<tr><td colspan="3">Opinions of the Audit Committee: None.</td></tr>
<tr><td colspan="3">The Company's Processing of Opinions of the Audit Committee: None.</td></tr>
<tr><td colspan="3">Resolution: The motions were passed unanimously by the members in attendance and filed for resolution in the board meeting.</td></tr>
<tr><td rowspan="6">3rd term 4th meeting May 2, 2023</td><td>1. Proceed with guarantees/endorsements.</td><td>Yes</td><td>None</td></tr>
<tr><td>2. Proposal to prepare the consolidated financial statements of the Company in the 1st quarter of 2023</td><td>Yes</td><td>None</td></tr>
<tr><td>3. Amendment of the internal control system of the Company.</td><td>Yes</td><td>None</td></tr>
<tr><td colspan="3">Opinions of the Audit Committee: None.</td></tr>
<tr><td colspan="3">The Company's Processing of Opinions of the Audit Committee: None.</td></tr>
<tr><td colspan="3">Resolution: The motions were passed unanimously by the members in attendance and filed for resolution in the board meeting.</td></tr>
<tr><td rowspan="6">3rd term 5th meeting August 1, 2023</td><td>1. Proceed with guarantees/endorsements.</td><td>Yes</td><td>None</td></tr>
<tr><td>2. Proposal to prepare the consolidated financial statements of the Company in the 2nd quarter of 2023</td><td>Yes</td><td>None</td></tr>
<tr><td>3. The renovation and upgrading of rejoining tanks.</td><td>Yes</td><td>None</td></tr>
<tr><td colspan="3">Opinions of the Audit Committee: None.</td></tr>
<tr><td colspan="3">The Company's Processing of Opinions of the Audit Committee: None.</td></tr>
<tr><td colspan="3">Resolution: The motions were passed unanimously by the members in attendance and filed for resolution in the board meeting.</td></tr>
<tr><td rowspan="6">3rd term 6th meeting, November 2, 2023</td><td>1. Proceed with guarantees/endorsements.</td><td>Yes</td><td>None</td></tr>
<tr><td>2. Proposal to prepare the consolidated financial statements of the Company in the 3rd quarter of 2023</td><td>Yes</td><td>None</td></tr>
<tr><td>3. Remuneration of CPAs for 2023.</td><td>Yes</td><td>None</td></tr>
<tr><td colspan="3">Opinions of the Audit Committee: None.</td></tr>
<tr><td colspan="3">The Company's Processing of Opinions of the Audit Committee: None.</td></tr>
<tr><td colspan="3">Resolution: The motions were passed unanimously by the members in attendance and filed for resolution in the board meeting.</td></tr>
</table>

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 |
|---|---|---|
| March 2, 2023 | 3rd meeting of 3rd Audit Committee<br>1. Status and results of the auditing operations performed by internal auditors.<br>2. 2022 "Statement on Internal Control". | No objections |
| May 2, 2023 | 4th meeting of the 3rd Audit Committee<br>1. Status and results of the auditing operations performed by internal auditors.<br>2. Amendment of the internal control system. | No objections |
| August 1, 2023 | 5th meeting of the 3rd Audit Committee<br>Status and results of the auditing operations performed by internal auditors. | No objections |
| November 2, 2023 | 6th meeting of the 3rd Audit Committee<br>(At this meeting, the independent director and the internal audit supervisor should communicate separately.)<br>1. Status and results of the auditing operations performed by internal auditors.<br>2. 2023 internal control self-assessment schedule.<br>3. Approved the 2024 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 |
|---|---|---|
| March 2, 2023 | 3rd meeting of 3rd Audit Committee<br>Audit the implementation and conclusions of the consolidated financial statements for 2022. | No objections |
| August 1, 2023 | 5th meeting of the 3rd Audit Committee<br>Audit the implementation and conclusions of the consolidated financial statements for the 2nd quarter of 2023. | No objections |
| November 2, 2023 | 6th meeting of the 3rd Audit Committee<br>(At this meeting, the CPAs and chief internal auditor communicated with the Independent Directors independently.)<br>1. Audit the implementation and conclusions of the consolidated financial statements for the 3rd quarter of 2023.<br>2. The 2023 financial report audit plan and key audit matters.<br>3. Introduction to IFRS Sustainability Disclosure Standards No. Sl and No. S2.<br>4. Timing for the introduction of the carbon fee and the direction for setting the fee rate. | 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 securities using undisclosed information in the market? | V | | (IV) Prevention measures against insider trading:<br>The Company has regularly educated and advocated the existing Directors, Managerial Officers, and employees on the 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.<br>The Company had educated and advocated the existing Directors, Managerial Officers, and employees, a total of 723 people through online courses and tests in 2023. The topics of the courses and the number of hours are as follows: | 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 | |
| | | | [Video Promotion] Video on Prevention of Insider Trading 0.5 hours<br>[Online Course] Insider Trading Practical Cases and Related Legal Liabilities, 3 hours<br>[Online Course] Integrity Management Code Education_Ch2 Insider Trading, 1 hour<br>[Online Course] Law Promotion - Insider Trading and Gender Equality 2 hours<br>[Educational Testing] Employee Code of Conduct Test (Including Insider Trading Prevention),1 hour<br>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.<br>Course briefings and video files were uploaded to the internal learning platform for those who failed to participate in the courses.<br>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.<br>Implementation:<br>1. Company rules:<br>(1.1)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 | |

| Evaluation Item | Implementation Status (Note) | | | Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons |
| --- | --- | --- | --- | --- |
| | Yes | No | Summary | |
| | | | statements and 15 days prior to the announcement of quarterly financial statements.<br>(1.2)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 financial statements and 15 days before the announcement of quarterly financial statements.<br>2. Implementation of internal rules:<br>(2.1)Education and training<br>The test was conducted on the training management platform. Course name: [Promotion of Employee Code of Conduct_2023 - 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.<br>In 2023, the total number of participants in the above training was 644 and the total number of training hours was 644.<br>(2.2)Notice<br>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.<br>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 time (the independent | |

| Evaluation Item | Implementation Status (Note) | | | Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | 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.<br>CGPC's board of directors' meeting was held to discuss the financial statements in accordance with the above regulations, which are summarized below:<br>(1)Held the Board of Directors' meeting on March 2, 2023 to discuss the financial statements of 2022.The date of the Board of Directors' meeting (March 2) was set as the announcement date of the financial statements, and 30 days before that (January 31) was set as the start date of the closed period, and the closed period for trading stocks was from January 31 to March 2, 2023. Secretariat of the Board has issued a letter on January 16, 2023 to inform the Directors that they are not allowed to trade the shares of the Company during the Closed Period.<br>(2)Held the Board of Directors' meeting on May 2, 2023 to discuss the financial statements for the first quarter of 2023. The date of the Board of Directors' meeting (May 2) was set as the announcement date of the financial statements, and 15 days before that (April 17) was set as the start date of the closed period, and the closed period for trading stocks was from April 17 to May 2, 2023. The Secretariat of the Board issued a letter on April 10, 2023 to inform the Directors that they are not allowed to trade the shares of the Company during the Closed Period.<br>(3)Held the Board of Directors' meeting on August 1, 2023 to discuss the financial statements for the second quarter of 2023. The date of the Board of Directors' meeting (August 1) was set as the announcement date of the financial statements, and 15 days before that (July 17) was set as the start date of the closed period, and the closed period for trading stocks was from July 17 to August 1, 2023. The Secretariat of the Board has issued an email on July 7, 2023 to inform the Directors that they are not allowed to trade the shares of the Company during the Closed Period. | |

| Evaluation Item | Implementation Status (Note) | | | Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | (4)Held the Board of Directors' meeting on November 2, 2023 to discuss the financial statements for the third quarter of 2023. The date of the Board of Directors' meeting (November 2) was set as the announcement date of the financial statements, and 15 days before that (October 18) was set as the start date of the closed period, and the closed period for trading stocks was from October 18 to November 2, 2023. The Secretariat of the Board has issued an email on October 11, 2023 to inform the Directors that they are not allowed to trade the shares of the Company during the Closed Period.<br>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. | |
| III. Composition and Responsibilities of the Board of Directors<br>(I) Has the Board of Directors drawn up policies and specific targets on diversity of its members and implemented them? | V | | 1. Policy on Board diversity<br>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:<br>(1)Operational judgment.<br>(2)Ability to conduct accounting and financial analysis.<br>(3)Business management ability.<br>(4)Crisis management ability.<br>(5)Knowledge of the industry.<br>(6)An understanding of international markets.<br>(7)Leadership skills.<br>(8)Decision-making ability. | 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 | |
| | | | In addition to the above eight professional competencies required to perform the duties of the current Board of Directors, in view of the increasing global emphasis on corporate governance and environmental protection related issues, three directors have already possessed the professional competencies of “legal” or “environmental protection”, and the current members of the Board of Directors possess the knowledge, skills and qualities required to perform the duties of the current Board of Directors, and have the expertise in accounting and finance, international markets, law and environmental protection, respectively.<br>2. Targets of Board diversity<br>In order to bring in external talents to the Board of Directors, the number of independent directors has been increased.<br>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 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 polity. 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.<br>3. Implementation status of Board diversity<br>For details on the diversity of Board members, refer to the table | |

| Evaluation Item | Implementation Status (Note) | | | Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

below:

| Name of Director | Gender | Diversified Core Competences | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Sound business judgments | Accounting and finance | Business management | Crisis management | Knowledge of the industry | Understanding of international markets | 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 |
| Hsu, Chen-I | Male | V | V | V | V | | | V | V | | V |

∗ The Company’s Directors with employee status accounted for 25% and Independent Directors with employee status accounted for 37.5%.

∗ Four Directors are aged over 70 years old, one is aged 60 to 69, two are aged 50 to 59, and one is under 50.

∗ Three Independent Directors have not served more than three consecutive terms.

*Li, Liang-Xian, an independent director, resigned on October 12, 2023. The above figures are based on the current total of eight (8) directors (including three (3) independent directors).

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note)</th><th rowspan="2">Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(II) Has the Company voluntarily established functional committees other than the Remuneration Committee and Audit Committee that are established in accordance with the law?</td><td>V</td><td></td><td>(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.</td><td>No significant deviation</td></tr>
<tr><td>(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?</td><td>V</td><td></td><td>(III) The Company has formulated rules and procedures for evaluating the performance of the Board of Directors and conducts it annually.<br>I. Performance evaluation of the Board of Directors and of individual board members<br>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.<br>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 review and improvement and as reference in determining remuneration for individual Directors, their nomination and additional office term.<br>3. The Company completed the performance evaluation in January 2024 for the evaluation period from January 1 to December 31, 2023. The below summarizes the evaluation result:<br>(1)Overall performance of the Board of Directors
<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>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</td></tr>
</table>
</td><td>No significant deviation</td></tr>
</table>

| Evaluation Item | Implementation Status (Note) | | | Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | (see below) | |

| | | |
|---|---|---|
| Improvement of the quality of the Board of Directors' decision making | 5.00 | good evaluation result.<br>2. In recent years, the international situation has remained volatile, with the geopolitical wars between Russia and Ukraine, Israel and Palestine, volatile energy prices, and rising global inflation rates weakening consumer spending and impacting the global economy, which has had an impact on the Company's operations. In addition, in the face of operational risks arising from changes in energy and carbon emission related policies and regulations, the Company will continue to implement its carbon reduction goals and plan for green power solutions to achieve its goal of sustainable development. The Board of Directors and the management should always pay attention to the above challenges faced by the Company and steer the Company into the right direction of operation. |
| Composition and structure of the Board of Directors | 5.00 | |
| Election and continuous education of Directors | 5.00 | |
| Internal control | 5.00 | |

Note: Evaluation scores are on a scale of 0 to 5, with a maximum of 5 points.

(2)Performance of individual board members

| Performance aspect | Score (Note) | Evaluation results |
|---|---|---|
| Understanding of the Company's goals and tasks | 4.91 | The Director's self-evaluation result shows that the average score of the six aspects is above 4.8, which is a good evaluation result |
| Understanding of the Director's responsibilities | 5.00 | |
| Participation in Company operations | 4.88 | |
| Management and communication of the internal relations | 5.00 | |

| Evaluation Item | Implementation Status (Note) | | | Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

| | | |
|---|---|---|
| Expertise and continuing education of the Directors | 5.00 | |
| Internal control | 4.96 | |

Note: Evaluation scores are on a scale of 0 to 5, with a maximum of 5 points.

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 2024.

II. Performance evaluation of the Audit Committee, Remuneration Committee and ESG Committee

1. The Company completed the performance evaluation in January 2024 for the evaluation period from January 1 to December 31, 2023. The below summarizes the evaluation result:

(1)Performance of the Audit Committee

| Performance aspect | Score (Note) | Evaluation results |
|---|---|---|
| Participation in Company operations | 4.50 | The Committee's self-evaluation result shows that the average score of the six aspects is above 4.5, which is a good evaluation result. |
| Understanding of the duties of the Audit Committee. | 4.83 | |
| Improvement of the quality of the Audit Committee' decision making. | 5.00 | |
| Composition of the Audit Committee and selection of committee members. | 5.00 | |
| Internal control | 5.00 | |

Note: Evaluation scores are on a scale of 0 to 5, with a maximum of 5 points.

(2)Performance of the Remuneration Committee

| Evaluation Item | Implementation Status (Note) | | | Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

| Performance aspect | Score (Note) | Evaluation results |
|---|---|---|
| Participation in Company operations | 5.00 | The overall evaluation result of the Board of Directors shows that the average score of the four aspects is above 5, which is a good evaluation result. |
| Understanding of the Remuneration Committee's roles and responsibilities | 5.00 | |
| Improvement in the Remuneration Committee's decision-making quality | 5.00 | |
| Composition and member selection of the Remuneration Committee | 5.00 | |

Note: Evaluation scores are on a scale of 0 to 5, with a maximum of 5 points.

(3)Performance of the ESG Committee

| Performance aspect | Score (Note) | Evaluation results |
|---|---|---|
| Participation in Company operations | 4.75 | The overall evaluation result of the Board of Directors shows that the average score of the four aspects is above 4.7, which is a good evaluation result. |
| Recognizing the responsibilities of the ESG Committee | 5.00 | |
| Improvement of the quality of the ESG Committee' decision making | 5.00 | |
| Composition of the ESG Committee and selection of committee members | 5.00 | |

Note: Evaluation scores are on a scale of 0 to 5, with a maximum of 5 points.

2. Performance evaluation of the functional committees are reported to

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note)</th><th rowspan="2">Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>the Board meeting in the first quarter of 2024.</td><td></td></tr>
<tr><td>(IV) Does the Company regularly evaluate the independence of CPAs?</td><td>V</td><td></td><td>(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 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.<br>(1)Content of independence evaluation:<br><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 issues have 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>
</table></td><td>No significant deviation</td></tr>
</table>

| Evaluation Item | Implementation Status (Note) | | | | | Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|---|---|
| | Yes | No | Summary | | | |
| | | | 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 | |
| | | | 8. The CPA has not engaged in lending and borrowing of money with the Company and its affiliated companies. | Yes | Yes | |
| | | | 9. The CPA has not engaged in joint investment or benefit shares with the Company and its affiliated companies. | Yes | Yes | |
| | | | 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. | Yes | Yes | |
| | | | 11. The CPA is not involved in the decision-making process of the Company and its affiliated companies. | Yes | Yes | |
| | | | 12. The CAP has not engaged in any other business that may lead to the invalidity of his or her independence. | Yes | Yes | |
| | | | 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. | Yes | Yes | |
| | | | 14. The CPA has not collected any commission related to his/her service. | Yes | Yes | |

<table>
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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>15. To date, the CAP has not been subject to any penalties or matters that may compromise his or her independence.</td><td>Yes</td><td>Yes</td></tr>
</table>
(2)Content of qualifications evaluation:
<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>
</td><td></td></tr>
<tr><td>IV. 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.)?</td><td>V</td><td></td><td>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 20 years of experience as a practicing lawyer and nearly 10 years of experience as a legal director of listed companies. 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, report to the Board the results of its review on whether the qualifications of independent directors at the time of nomination, election and during the term of office are in compliance with relevant laws and regulations,</td><td>No significant deviation</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note)</th><th rowspan="2">Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>and handle matters related to director changes, etc.<br>The focal points of implementation in 2023 are as follows:<br>(I) Assist Directors in performing their duties, provide the necessary information, arrange continuing education for Directors, and process liability insurance policies:<br>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.<br>2. Assisted Directors, upon request, to understand the regulations for which compliance is required for the execution of their business.<br>3. Provided Directors with the necessary information of the Company. They are also provided with assistance for communicating and exchanging ideas with business managers.<br>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.<br>5. Assisted the Company in arranging at least 6 hours of continuing education courses for Board members.<br>6. Verified that the Company has purchased liability insurance for Directors and key persons for Board members and reported to the Board of Directors.<br>(II) Organize matters related to the proceedings of Board of Directors' meetings and shareholders' meetings and confirm compliance matters of resolutions:<br>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.</td><td></td></tr>
</table>

| Evaluation Item | Implementation Status (Note) | | | Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | 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.<br>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.<br>4. Changed registration items.<br>(III) Confirmation of the qualifications of independent directors and handling of matters related to the change of directors:<br>1. Confirmation of the qualifications of independent directors at the time of nomination and election and during the term of office comply with relevant laws and regulations, and to report the results of the examination to the Board of Directors.<br>2. Handle related matters in accordance with the law regarding directors' changes.<br>(IV) Maintain relations with investors:<br>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.<br>Pursuit of study for directors in 2023:<br>Pursuant to Article 24 of the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the 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.<br>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. | |

| Evaluation Item | Implementation Status (Note) | | | Discrepancies from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | In 2023, Chen, Yung-Chih, Corporate Governance Officer of the Company, had completed 49 hours of continuing education. The contents of the courses are as follows: | |

| Date of Training | Organizer | Course Title | Number of Hours | Total training hours during the year |
|---|---|---|---|---|
| February 9, 2023 | Taiwan Institute for Sustainable Energy Committee | The 31st TCCS Board Meeting and CEO Seminar | 2 | 49 |
| March 27, 2023 | CNAIC | Corporate Resilience Taiwan Competitiveness | 3 | |
| April 20, 2023 | Taiwan Institute for Sustainable Energy Committee | The 32nd TCCS Board Meeting and CEO Seminar | 2 | |
| April 27, 2023 | Taiwan Stock Exchange Co., Ltd. | Seminar on Sustainable Development Action Plan for TWSE/TPEx listed companies | 3 | |
| June 2, 2023 | CNAIC | 2023 Taishin Net Zero Power Summit | 3 | |
| July 4, 2023 | Taiwan Stock Exchange Co., Ltd. | 2023 Cathay Sustainable and Climate Change Summit | 6 | |
| July 5, 2023 | Securities and Futures Institute | Chinese Communist Party Politics and Economy, International Situation and Cross-Strait Relations | 3 | |
| July 13, 2023 | Taiwan Institute for Sustainable Energy Committee | The 33rd TCCS Board Meeting and CEO Seminar | 2 | |
| September 4, 2023 | Financial Supervisory Commission | The 14th Taipei Corporate Governance Forum | 6 | |
| October 13, 2023 | Securities and Futures Institute | How directors can supervise the company in corporate risk management and crisis management | 3 | |
| October 20, 2023 | Securities and Futures Institute | Seminar on Prevention of Insider Trading in 2023 | 3 | |

<table>
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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td>October 26, 2023</td><td>Taiwan Institute for Sustainable Energy Committee</td><td>The 34th TCCS Board Meeting and CEO Seminar</td><td>2</td><td></td></tr>
<tr><td>November 13, 2023</td><td>Taiwan Institute for Sustainable Energy Committee</td><td>Strategy, Leadership, and Sustainable Innovation for CEO Excellence</td><td>5</td><td></td></tr>
<tr><td>November 15, 2023</td><td>Securities and Futures Institute</td><td>2023 Annual Insider Equity Trading Law Compliance Briefing</td><td>3</td><td></td></tr>
<tr><td>November 29, 2023</td><td>Taiwan Stock Exchange Co., Ltd.</td><td>Carbon Markets: A New Chapter on Sustainable Future Summit</td><td>3</td><td></td></tr>
</table></td><td></td></tr>
<tr><td>V. Has the Company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and 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?</td><td>V</td><td></td><td>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 2022 were submitted to the Board of Directors on March 2, 2023.<br>(Disclosure on ESG’s website:<br>https://www.cgpc.com.tw/ESG/tw/vision.aspx、<br>https://www.cgpc.com.tw/ESG/tw/issue-SDGs.aspx)</td><td>No significant deviation</td></tr>
<tr><td>VI. Has the company commissioned a professional shareholder services agency to handle shareholders' meetings and other relevant affairs?</td><td></td><td>V</td><td>The Company takes charge of its own stockholder affairs and handles matters related to shareholders' meetings in accordance with the law.</td><td>The Company handles its own shares-related affairs to ensure quality and efficiency.</td></tr>
<tr><td>VII. Information disclosure<br>(I) Has the company established a website to disclose information on financial operations and corporate governance?</td><td><br>V</td><td></td><td><br>(I) The Company has set up a website and regularly discloses company information.<br>https://www.cgpc.com.tw/zh-tw/dirServices/frmServices.aspx</td><td><br>No significant deviation</td></tr>
</table>

| 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 adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose Company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)? | V | | (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 |
| (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? | V | | (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. | No significant deviation |
| VIII. 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)? | V | | 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. The 2022 ESG Report shall be completed before June 30 and disclosed at the website of:(https://www.cgpc.com.tw/ESG/tw/ESG-Report.aspx) and corporate governance of M.O.P.S: (https://mops.twse.com.tw/mops/web/t100sb11) | No significant deviation |
| IX. 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):<br>Completed improvements:<br>(I) The content of the regular shareholders’ meeting contains important information about the shareholders’ questions and the Company’s replies.<br>(II) The entire meeting is uploaded to the Company’s website after the shareholders’ meeting.<br>(III) Amendments to the “Procedures for Transactions between Related Parties, Specified Companies, and Group Companies”.<br>(IV) Uploaded the English version of the meeting manual and supplementary information 30 days prior to the shareholders’ meeting.<br>Prioritized items for improvement:<br>(I) Report on sustainability to the Board of Directors for approval.<br>(II) Disclosure of greenhouse gas reduction management policy, including reduction goals, promotion measures, and achievement status. | | | | |

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, 2023

| Title (Note 1) | 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 | Hsu, Chen-I | Hsu, Chen-I is currently the Chairman of TTFB, and has experience in the professional field of corporate operation and management. | | 0 |

Note 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).

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

Note 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.

Note 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 (3) members.
   (2) Terms of office: June 2, 2022 to May 29, 2025. The Remuneration Committee convened 3 meetings (A) in the most recent year. The qualifications and attendance of members are as follows:

| Job Title | Name | Number of Attendance in Person (B) | Number of attendances 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% | Resigned on October 12, 2023 |
| Member | Hsu, Chen-I | 0 | 0 | 0 | Appointed on November 2, 2023 |

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. For decisions of the Remuneration Committee, 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:

| Remuneration Committee | Proposal content and tracking | Objections or expressed reservations expressed by Remuneration Committee |
|---|---|---|
| 3rd meeting of the 5th term March 2, 2023 | 1. Review of the Company's annual special bonus for managers for the year 2022. | None |
| | 2. Review of the Company's remuneration and performance appraisal system for directors and managers. | None |
| | Remuneration Committee Opinion: None. | |
| | Result of the resolution of the Remuneration Committee: They were passed by the members in attendance and filed in the board meeting. | |
| | The Company's handling of the remuneration committee's opinion: All directors present agreed to approve. | |
| 4th meeting of the 5th term August 1, 2023 | 1. Annual salary adjustment of the Company. | None |
| | Remuneration Committee Opinion: None. | |
| | Result of the resolution of the Remuneration Committee: They were passed by the members in attendance. | |
| | The Company's handling of the remuneration committee's opinion: Implement the relevant operations according to the results of the resolution. | |
| 5th meeting of the 5th term November 2, 2023 | 1. Amendments to certain provisions of the "Regulations Governing the Evaluation of the Performance of the Board of Directors". | None |
| | 2. Review the "Remuneration Committee Charter" of the Company. | None |
| | 3. Setting up the 2024 work plan of the Committee. | None |
| | Remuneration Committee Opinion: None. | |
| | Result of the resolution of the Remuneration Committee: They were passed by the members in attendance. | |
| | The Company's handling of the remuneration committee's opinion: Implement the relevant operations according to the results of the resolution. | |

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. Nomination Committee member information and operational information: Not applicable.

## (V) Promoting the Implementation of Sustainable Development and Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons

| Promoting 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? | V | | The Company has established three functional committees under the Board of Directors, including the Audit Committee, the Compensation Committee, and the Sustainable Development Committee in accordance with their functions, which are responsible for formulate and review policies related to the committees' responsibility to strengthen corporate governance. And ESG Committee 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.<br>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.<br>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, regularly review their progress, and urge the management team to make adjustments if necessary.<br>Main duties of the ESG Committee are as follows:<br>1. Determine the sustainable development policy.<br>2. Outlining the sustainable development strategy, annual plan, and project plans.<br>3. Supervising sustainable development strategies, the implementation of the annual | Equivalent to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies |

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | plan and project plans, and evaluating the implementation.<br>4. Reviewing and approving the ESG Report.<br>5. Reporting on the implementation of sustainable development activities to the Board of Directors each year.<br>6. Other matters to be conducted by the committees per Board resolution.<br>The Committee shall report on the implementation of sustainable development activities to the Board of Directors at least twice a year. ESG Committee held two meetings on March 2, 2023 and August 1, 2023 to report to the Board of Directors. The ESG Committee reported the concerns of the core stakeholders, communication channels and actual implementation.<br>Please refer to:<br>1. ESG Report: https://www.cgpc.com.tw/ESG/tw/ESG-Report.aspx;<br>2. ESG Committee Minutes: https://www.cgpc.com.tw/ESG/tw/vision.aspx | |
| 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) | V | | The period of disclosure of this information is from January 1, 2023 to December 31, 2023, and the scope of risk assessment is based on the Company, including the subsidiaries of the financial statements.<br>To ensure stable operation and sustainable development, the Company's Audit Committee and the Board of Directors of CGPC 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.<br>In accordance with the relevant laws and regulations of the competent authorities, formulate the operating standards of each risk management unit, according to which the daily operation of risk control is conducted, and keep abreast of the development of international and domestic risk management systems. 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 | Equivalent to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies |

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | management operations to protect the interests of the Company, employees, shareholders and stakeholders.<br>At least once a year, the Company report to the Audit Committee and the Board of Directors on our risk management operations for the current year, such as production and sales strategies and operational risks, financial risks, risks of disasters and accidents, climate change and environmental risks.<br>Please refer to: Annual Report: VI. Analysis and Evaluation of Risks (14) Risk Response or Sustainability Report on Environmental, Social and Corporate Governance Issues (Website: https://www.cgpc.com.tw/ESG/tw/ESG-Report.aspx). | |
| III. Environmental Issues<br>(I) Has the company established an appropriate environmental management system based on the characteristics of the industry to which it belongs? | V | | (I)<br>The Company has established comprehensive environmental management and regulation systems, which are jointly implemented and promoted by the Labor Safety Office and related departments.<br>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.<br>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.<br>https://www.cgpc.com.tw/ESG/tw/air-pollution.aspx、<br>https://www.cgpc.com.tw/zh-tw/dirProduct/frmProduct.aspx、<br>https://www.cgpc.com.tw/ESG/tw/ESG-Report.aspx、<br>https://www.cgpc.com.tw/PDF/Product/ISO%2014001;2015_Certificate.pdf、<br>https://www.cgpc.com.tw/PDF/Product/TW23-00072GG_twcn.pdf | Equivalent to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies |
| (II) Is the company committed to improving the efficiency of utilizing various resources and using recycled materials with low impacts on the | V | | (II)<br>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. We also | |

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| environment? | | | reduce the product's energy consumption, install renewable energy and plan procurements to optimize the efficiency of energy use.<br>USI set the 2030 carbon reduction goals as “Reduce carbon emissions by 27% in 2030 compared to 2017” at the beginning of 2022, and even set “2050 Carbon Neutral” as the long-term corporate goal in 2023 (Medium-term Carbon Reduction Strategies: Low-carbon Energy Transformation, Energy Efficiency Enhancement, Intelligence and Monitoring. Long-term carbon reduction strategy: focus on low-carbon fuels, carbon capture and reuse technology, negative carbon emission technology, and installation of renewable energy). In order to enterprise sustainable vision, USI Group actively implemented corresponding strategies and management mechanisms with practical actions. The Group’s domestic production plants continue to implement ISO 14064-1 greenhouse gas inventory and verification, and plan to implement carbon reduction programs. The Group is also actively developing external renewable energy sites. As of the end of 2023, the cumulative grid-connected capacity of solar farms has reached 7.2MW. And the Company continues 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.<br>■Actual achievements of electricity conservation in 2023<br>Item / Electricity Conservation (Goals: 1%)<br>CGPC (Toufen Plant) / 1.53%<br>TVCM (Linyuan Plant) / 2.87%<br>CGPCPOL (Linyuan Plant) / 0.98%<br>Explanation:<br>1. The data source is the Energy Department's Annual Energy User Energy Conservation Assessment System Declaration Form.<br>2. Achievement rate: CGPC and TVCM plant 2 have achieved the energy saving rate target, CGPCPOL mainly focuses on steam saving program, but the improvement | |

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

measures are concentrated in H2, therefore, the energy saving rate of the year is slightly lower than the goal, and it is expected that the energy saving rate of 2024 will be increased by more than 1%.

■2023 Carbon Reduction Pathway Planning

Unit: (Metric tonnes/$CO_2e$)

| Item | 2017 base year Scope 1 and 2 | Actual of 2021 Scope 1 and 2 | Actual of 2022 Scope 1 and 2 | Actual of 2023 Scope 1 and 2 | Goals of 2030 Scope 1 and 2 |
|---|---|---|---|---|---|
| CGPC | 150,575 | 137,852 | 118,783 | 104,899 | 109,920 |
| TVCM | 210,713 | 199,173 | 179,079 | 176,682 | 153,821 |
| CGPCPOL | 49,292 | 48,595 | 38,978 | 38,026 | 35,984 |
| Total | 410,580 | 385,620 | 336,840 | 319,607 | 299,725 |

Explanation:

1. Before 2022, the scope of greenhouse gas inventory includes CGPC (Toufen Plant), Taiwan VCM Corporation (Linyuan Plant) and CGPCPOL (Linyuan Plant).
2. The scope of the inventory from 2023 onwards includes:
   (1) CGPC includes: Head office of CGPC, Taipei office, and overseas subsidiaries.
   (2) TVCM includes: TVCM Linyuan Plant, Taipei Office, GGTC.
   (3) CGPCPOL refers to CGPCPOL Linyuan Plant.
   The above are the subsidiaries of CGPC's consolidated financial statements, and their coverage rate reaches 100%.
3. Greenhouse gas inventory includes: CO2, CH4, N2O, HFCs.Scope 1: Main emission sources include natural gas, fuel coal, gasoline and diesel. Scope 2: Includes power and steam purchased from external sources. Scope 3 is excluded in the Carbon Reduction Pathway Plan.
4. The greenhouse gas emissions of CGPC (Toufen Plant) have been checked in accordance with ISO 14064-1:2018 since 2022 and are expected to be confirmed by a third party.
5. Since 2021, the greenhouse gas emissions of TVCM (Linyuan Plant) and CGPCPOL (Linyuan Plant) have been inventoried according to ISO 14064-1:2018 and confirmed by a third-party agency.
6. TVCM and CGPCPOL's 2022 GHG emissions were originally based on their own

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | inventories, but the data was revised according to the third-party verification statement of the current year.<br>7. The GHG emissions of CGPC, TVCM, and CGPCPOL for the year 2023 are all confirmed data.<br>■Recycling Instructions:<br>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.<br>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.<br>2. Circular economy (external circulation): cartons, paper bags, PE bags, equipment replacement... and other work.<br>■GRS verification has been obtained：<br>In response to the trend of net zero carbon emission, brand manufacturers have proposed the use of recycled materials policy materials in their products, our company obtained GRS certificates on 111/12/29 and 112/12/29 respectively.<br>Currently, TPU and TPO recycled material products (brand requirements first) are certified, other products could be added to annual certification subsequently, and lt will be helpful for the business to win orders for recycled materials products.<br>(GRS certificate link:<br>https://www.cgpc.com.tw/PDF/Product/GRS%204.0-Certificate.pdf)<br>■Others:<br>Four new patent applications were filed and approved in 2022:<br>(1) Fully recyclable synthetic leather structure: Patent No. M630391.<br>(2) Slow warming leather structure: Patent No. M631078.<br>(3) Leather structure with anti-scratch and anti-fouling functions: New type No. M636680. | |

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | (4) Anti-viral coating structure: New type No. M636340.<br>(For certificates, please refer to the official website: https://www.cgpc.com.tw/zh-tw/dirProduct/frmProduct.aspx) | |
| (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 | | (III)<br>No fire occurred in CGPC for 2023. (For more details, please refer to: IV. Social Issues (3) Employee safety and health management)<br>Board of Directors of CGPC 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.<br>In response to the intensification of global climate change, CGPC has continued to adopt the TCFD framework to deepen the risk programs that may be faced under extreme climate conditions and to grasp new business opportunities. Referring to the Taiwan Climate Change Estimation Information and Adaptation Knowledge Platform (TCCIP) and the National Center for Disaster Prevention and Relief Technology, CGPC has listed three physical risk issues based on RCP 8.5 situations for 2016~2035 of temperature rise, rainfall, inundation, and drought; Based on the Group's strategy, industry characteristics, country-specific expected contribution targets (INDCs) and TCFD indicators, the Company listed 9 transformation risks and 12 opportunity issues, totaling 24 potential risk and opportunity issues.<br>In 2023, a questionnaire survey was conducted among the ESG Committee and senior unit executives to assess the relevance and timing of each risk to the company's operations, as well as the development and implement ability of each opportunity. 21 questionnaires were returned, and after statistical analysis by the team, 12 significant climate issues were identified (2 physical risks, 4 transformation risks, and 6 opportunity | |

<table>
<tr><th rowspan="2">Promoting Items</th><th colspan="3">Implementation status (Note 1)</th><th rowspan="2">Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(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?</td><td>V</td><td></td><td>issues). Its evaluation of potential financial impacts and formulation of response strategies and management mechanisms grasp the possible impacts of climate change in various aspects, minimize the possible operational impacts of extreme weather, and establish a resilient climate change culture.<br>Please refer to: Annual Report: . VIII. Implementation of Climate-Related Information Climate-Related Information or (Sustainability Report (Website: https://www.cgpc.com.tw/ESG/tw/ESG-Report.aspx、https://www.cgpc.com.tw/ESG/tw/climate-change.aspx).<br>(IV)<br>■ The plan for the greenhouse gas inventory and confirmation organized by ISO 14064-1 is as follows:
<table>
<tr><th colspan="2">Company</th><th>CGPC</th><th>TVCM</th><th>CGPCPOL</th><th>Overseas Subsidiaries</th></tr>
<tr><td rowspan="3">Inventory</td><td>Inventory scope</td><td>CGPC Toufen Plant + Taipei Office</td><td>TVCM Linyuan Plant +GGTC+ Taipei Office</td><td>CGPCPOL Linyuan Plant</td><td>U.S. Overseas Offices CGPC(BVI) CGPC Zhongshan Plant</td></tr>
<tr><td>Data period</td><td>Greenhouse gas emission in 2023</td><td>Greenhouse gas emission in 2023</td><td>Greenhouse gas emission in 2023</td><td>Greenhouse gas emission in 2023</td></tr>
<tr><td>Inventory time</td><td>February 2024</td><td>January 2024</td><td>February 2024</td><td>February 2024</td></tr>
<tr><td rowspan="2">Verification</td><td>Verification unit</td><td>SGS verification</td><td>•SGS verification (TVCM Linyuan Plant, Taipei Office)<br>•Commodity inspection center (GGTC)</td><td>AFNOR (AFNOR)</td><td>SGS verification</td></tr>
<tr><td>Verification time</td><td>March 2024</td><td>March 2024</td><td>April 2024</td><td>March 2024</td></tr>
</table>
Note: Scope includes consolidated financial statements subsidiaries, and their coverage rate reaches 100%.</td><td></td></tr>
</table>

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

■The plan for carbon footprint inspection and confirmation organized by according of the introducing ISO 14067 is as follows:

| Company | | CGPC | | TVCM | CGPCPOL |
|---|---|---|---|---|---|
| Inventory | Inventory scope | PVC resin<br>PVC leather<br>CSM7430F04A0200<br>PVC film/sheet<br>CFBBYMS10000<br>TPE ammonia-based products:<br>CTJG26000000000 | Hydrochloric acid<br>Liquid caustic soda<br>Drift ice<br>Water Pipes | VCM | H61 (25Kg /package) |
| | Data period | 2021 | 2023 | 2022 | 2022 |
| | Inventory time | March 2023 | March 2024 | May 2023 | Sep 2023 |
| Verification | Verification unit | BSI verification | AFNOR | SGS verification | AFNOR |
| | Verification time | July 2023 | May 2024 | Dec 2023 | Nov 2023 |

■CGPC, CGPCPOL and TVCM have passed ISO 50001 certification.

■ Greenhouse gas emissions

Volume of greenhouse gas emission

Unit: 10,000 tons of $CO_2e$

| Year | Scope 1 | Scope 2 | Scope 3 |
|---|---|---|---|
| 2021 | 16.89 | 21.67 | 153.24 |
| 2022 | 16.02 | 17.67 | 142.15 |
| 2023 | 15.13 | 16.83 | 139.49 |

Note:

1. Before 2022, the scope of greenhouse gas inventory includes CGPC (Toufen Plant), Taiwan VCM Corporation (Linyuan Plant) and CGPCPOL (Linyuan Plant).
2. The scope of the 2023 inventory (consolidated financial statements of subsidiaries) has reached 100% coverage, and the 2023 greenhouse gas emissions are all reliable data.
3. From 2022, TVCM and CGPCPOL increased their scope three, and from 2023, CGPC increased their scope three.
4. For more details, please refer to the 2023 Carbon Reduction Pathway Planning Guidelines.

<table>
<tr><th rowspan="2">Promoting Items</th><th colspan="3">Implementation status (Note 1)</th><th rowspan="2">Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>

5. The Scope 3 of the Company and its subsidiaries covers the categories 3and 4 of ISO 14064-1:2018. The Category 3 : greenhouse gas emissions from upstream and downstream transportation and cargo distribution, greenhouse gas emissions from employee commuting, and greenhouse gas emissions from business travel, and the Category 4: Greenhouse gas emissions generated by the organization's procurement of raw materials, mining, manufacturing and processing, and greenhouse gas emissions generated by the disposal of solid and liquid waste.

■Emission intensity per unit product

(ton $CO_2e$/ton)

| Company | Product | 2021 | 2022 | 2023 | Goals | Achievement Status |
|---|---|---|---|---|---|---|
| CGPC | PVC resin | 0.245 | 0.202 | 0.193 | 0.248 | Achieved |
| | Chlor-alkali products | 1.319 | 1.302 | 1.283 | 1.366 | Achieved |
| | Processed Products | 0.437 | 0.440 | 0.436 | 0.455 | Achieved |
| TVCM | VCM | 0.444 | 0.423 | 0.405 | 0.446 | Achieved |
| CGPCPOL | PVC resin | 0.231 | 0.210 | 0.192 | 0.234 | Achieved |

Note:

1. The scope of greenhouse gas inventory includes CGPC (Toufen Plant), TVCM, CGPCPOL (Linyuan Plant) with a coverage rate of 100%.
2. Due to the adjustment of calculation in the base year (chemicals in dry tons), the goal was revised in 2022.
3. CGPC revised its 2021~2022 processed products due to a change in production statistics.
4. For TVCM's 2022 VCM products and CGPCPOL's 2022 PVC powder products, the inventory information was obtained after the submission of the report.
5. The 2022 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 review in 2025.

In the face of the impact of climate change, carbon reduction has become a common goal for the world. USI set the 2030 carbon reduction goals as "Reduce carbon emissions by 27% in 2030 compared to 2017" at the beginning of 2022, and even set "2050 Carbon Neutral" as the long-term corporate goal in 2023.

CGPC followed the Group's 2030 carbon reduction target to plan its carbon reduction path, and its 2023 greenhouse gas emissions (self-knot) have decreased by 22.2% compared to the base year (2017). In the future, we will actively implement energy saving and carbon reduction programs. The medium-term carbon reduction strategy will focus on low-carbon energy transformation, energy efficiency improvement, intelligent monitoring and control, and renewable energy installation and use. The long-term carbon reduction

</td><td></td></tr>
</table>

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | strategy will continue to focus on low-carbon fuels, carbon capture and reuse technologies, and negative carbon emission technologies to implement carbon neutrality goals, promote sustainable development, and continue to track international trends, conduct dynamic reviews of national policies and regulations, and adopt domestic and international common standards or guidelines.<br>Carry out corporate greenhouse gas inventory, water resource management, and waste management and disclose them as follows: (see table below) | |

strategy will continue to focus on low-carbon fuels, carbon capture and reuse technologies, and negative carbon emission technologies to implement carbon neutrality goals, promote sustainable development, and continue to track international trends, conduct dynamic reviews of national policies and regulations, and adopt domestic and international common standards or guidelines.

Carry out corporate greenhouse gas inventory, water resource management, and waste management and disclose them as follows:

| Item | Note | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| GHG Management | Plant planned related action plan response. In 2023, the greenhouse gas emission (self-inventory) has been reduced by 22.2% compared to the base year (2017) | Scope 1+2 Verified Total Emissions are 385,620 metric tonnes | Scope 1+2 Verified Total Emissions are 336,840 metric tonnes | Scope 1+2 Self-inventory Total Emissions are 319,607 metric tonnes |
| Water Management | Reduced and minimized water waste, improved and replaced the equipment that consumes large quantities of water, improved water recovery. It is also planned to set a goal of 1% increase in the annual R2 water recovery rate, and actively implement the plan of applying for water consumption reduction.<br>Unit: million liters | • Total water intake:2,937.0<br>• Total of water recycled was: 1,398.5 | • Total water intake:3,918.8<br>• Total of water recycled was: 1,351.9 | • Total water intake:2,734.5<br>• •Total of water recycled was 1,314.1 |
| 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 4,061.91 tons of waste | Reduced 3,260.29 tons of waste | Reduced 4,923.89tons of waste |

Note:

1. CGPC's recyclable resources of each plant are collected and processed by legal vendors.
2. In terms of waste management and disposal monitoring, the Company's environmental safety and sanitation unit conducts regular audits, and the general affairs unit enters into contracts with qualified waste removal and treatment organizations. During the removal process, the GPS real-time tracking system is used to confirm the route and flow direction of the removal, and ultimately, the three parties use their stamps in accordance with the delivery receipt to ensure that wastes are removed and disposed of in accordance with the regulations and there was no breach of contract by any of the waste removal and treatment organizations in 2023.
3. The reason for the increase in the amount of business waste in 2023 of CGPC was the increase in the amount of scrap iron due to the demolition of the Buichi plant.

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | 4. The increase in hazardous waste in CGPC in 2023 was due to the increase in chemical waste from the leather factory.<br>5. Greenhouse gas management, detailed description of the 2023 carbon reduction pathway plan.<br>For the above detailed description, please refer to Chapter 5 of the Sustainability Report. | |
| IV. Hongshan Social issues<br>(I) Has the Company formulated the relevant management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights? | V | | (I)<br>Human rights policy:<br>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 a 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 reasonable and dignified treatment.<br>Human Rights Risks Mitigation Measures:<br>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.<br>Concerns and practices for human rights:<br>(1) Provide a safe and healthy working environment:<br>In the face of extreme global climate change and the government’s policy of promoting net-zero carbon emissions, CGPC continues to make efforts to mitigate greenhouse gas emissions for the sake of sustainable development. Through industry-academia cooperation, the Company has introduced AI big data algorithms and combined academic expertise with practical work to enhance the performance of various items and build an intelligent chemical plant.<br>In order to improve the working environment and optimize the corporate structure, the Company has actively introduced various management operating systems (ISO 50001, ISO 14064-1, ISO 14067, ISO 46001, ISO 14046, PSM, GRS) and proposed various improvement plans by making reference to international and | Equivalent to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies |

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | technological developments, and we have also set the carbon reduction target of "27% reduction of carbon emissions by 2030 compared to 2017" and appropriately set the annual carbon reduction target, which is reviewed annually and continuously implemented. CGPC and CGPCPOL have passed ISO 50001 certification. CGPC's subsidiary, TVCM, has also obtained ISO 50001 certification in April 2021.<br>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.<br>(2) Friendly Workplace:<br>Diversity, Equity, Inclusion (DEI, Diversity Equity Inclusion) The Company respects different genders, ages, and cultures in order to build a friendly workplace environment where everyone can make the most of their strengths.<br>The Company creates a diverse environment by accommodating people of different backgrounds, races, genders, sexual orientations, abilities and perspectives in the workplace and provides our employees with fair opportunities and treatment in an equitable and inclusive manner, so as to bridge the gap between different groups, and to reasonably ensure that each employee is respected and accepted, and is able to fully participate and contribute.<br>The Company will continue to promote gender equality and prevent workplace harassment through publicity and training, and strive to provide a dignified and friendly working environment for our employees.<br>The Company has implemented maternal and child protection and set up priority parking spaces for pregnant women at our headquarters in Toufen Plant. In 2023, we also conducted a review meeting on gender equality measures and friendly environment, such as risk assessment and prevention of unlawful assault.<br>(3) Prohibiting illegal discrimination to ensure equal work opportunities:<br>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 cannot be unfairly treated due to their race, social station, | |

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | 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.<br>(4) No child labor:<br>To ensure compliance with corporate social responsibility and ethical regulations, the Company and subsidiaries, TVCM and CGPCPOL, have explicitly prohibited child labor since the beginning of recruitment. As of the end of December 2023, the total number of employees of the three companies was 859, and the number of child laborers was 0.<br>(5) Forced labor prohibition:<br>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.<br>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 dedicated personnel is assigned to inspect and control the working hours of the factory every month.<br>Help employees maintain physical and mental health and work-life balance:<br>(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.<br>(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.<br>(3) In order to encourage employees to exercise and manage their health, we organize sports competitions from time to time. In April 2023, the Taipei Region sponsored and encouraged employees to participate in the “2024 Taipei Technology Cup Love the Earth Charity Road Race”, and in October and December 2023, we held the “Gathering and Walking” to walk together and other activities beneficial to physical and mental health.<br>Human rights protection training practices: | |

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

(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.
(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 hot line to jointly create a friendly working environment.
(3) Occupational safety training series includes: Safety and health educational training, fire safety training, emergency response, and first aid personnel training.
(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.

The Company continues to pay attention to human rights protection and implement relevant training to improve human rights protection awareness and reduce the possibility of related risks. In 2023, training related to the promotion of human rights protection were held, with a total of 4,774 participants and a total of 15,157.5 hours. The number of participants and the training details ( including the statistics of CGPC, its subsidiaries TVCM, and CGPCPOL ) are as follows: Participation rate in human rights training (number of participants/total number of participants) 98.02%.

| Course Title | Total Participants | Total Training Hours |
|---|---|---|
| [Ethics Seminar] Seminar on Information Security Traps | 137 | 274.0 |
| [Ethics Seminar] Legal Awareness and Response in the Intelligent Era | 95 | 190.0 |
| [Ethics Seminar] Law Promotion - Insider Trading and Gender Equality | 67 | 134.0 |
| [Ethics Seminar] Prevention of Workplace Abuse | 125 | 250.0 |
| [Ethics Seminar] Legal Liability for Breach of Contract and Case Analysis | 1 | 3.0 |
| [Ethics Seminar] Internet Copyright and Legal Use of Software | 47 | 94.0 |

<table>
<tr><th rowspan="2">Promoting Items</th><th colspan="3">Implementation status (Note 1)</th><th rowspan="2">Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>[Ethics Seminar] Introduction and Case Analysis of Trade Secrets Act</td><td>56</td><td>168.0</td></tr>
<tr><td>[Ethics Seminar] Protection and Reasonable Use of Patents</td><td>7</td><td>14.0</td></tr>
<tr><td>[Ethics Seminar] Breaking into USIG Island</td><td>1</td><td>2.0</td></tr>
<tr><td>Code Standards Training</td><td>839</td><td>839.0</td></tr>
<tr><td>Process Safety Training</td><td>433</td><td>1,614.0</td></tr>
<tr><td>Occupational Safety Training/ Promotion</td><td>348</td><td>3,075.5</td></tr>
<tr><td>Environmental Protection Training</td><td>443</td><td>1,955.5</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>172</td><td>1,101.0</td></tr>
<tr><td>Emergency Response Drills</td><td>1,160</td><td>2,997.0</td></tr>
<tr><td>Self-Defense and Fire Marshalling Team Training</td><td>258</td><td>1,032.0</td></tr>
<tr><td>Fire Safety Training/ Promotion</td><td>76</td><td>404.0</td></tr>
<tr><td>Workplace Health Promotion Seminar (including Women’s Health Seminar)</td><td>490</td><td>790.5</td></tr>
<tr><td>First Aid Personnel and Occupational Health Nurse Related Education and Training</td><td>19</td><td>220.0</td></tr>
<tr><td>Total</td><td>4,774</td><td>15,157.5</td></tr>
</table>
Complaint System:<br>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 to identify the complainant will not be disclosed to protect the complainant.</td><td></td></tr>
<tr><td>(II) Has the Company established and implemented reasonable employee</td><td>V</td><td></td><td>(II)<br>The Company has stipulated in the Articles of Incorporation that "When the business</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Promoting Items</th><th colspan="3">Implementation status (Note 1)</th><th rowspan="2">Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?</td><td></td><td></td><td>is profitable, the Company will distribute employees with the remuneration of 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 Standards Act, the Company approves leaves and provides labor insurance, health insurance, group insurance of employee and dependents, employee health examination, benefit coupons for the three festivals, maternity benefits, staff canteen etc.
<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.<br>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…</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 (priority parking space for pregnant women is available at Toufen Plant), nursing rooms, employee dormitories, and cooperation with child care and education institutions to provide child care and parenting services.</td></tr>
</table></td><td></td></tr>
<tr><td>(III) Does the Company provide a safe and healthy work environment to its employees, and regularly offer safety and health education to its employees?</td><td>V</td><td></td><td>(III)<br>Employee safety and health management:<br>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.
<table>
<tr><th>Company</th><th>Obtained Certification</th><th>Validity Period</th></tr>
<tr><td>CGPC</td><td>Through in 2020</td><td>December 25, 2024</td></tr>
<tr><td>TVCM</td><td>Through in 2019</td><td>September 20, 2025</td></tr>
<tr><td>CGPCPOL</td><td>Through in 2019</td><td>June 17, 2025</td></tr>
</table>
The Company’s management system includes the employees of CGPC Toufen Plant, TVCM Linyuan Plant, and CGPCPOL Linyuan Plant (excluding Taipei employees). The</td><td></td></tr>
</table>

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

number of employees reviewed by external institutions is 1,037 (about 830 Company employees + about 207 contractors), including employees (accounting for 80%) and non-employees (accounting for 20%). Sales, production, design, development, procurement, administration, engineering, and contractors cover 100% of the Company's sales. (Refer to ESG Report 6.4.2 - Implementation of occupational health and safety; https://www.cgpc.com.tw/ESG/tw/ESG-Report.aspx)

1. Occupational Safety and Health Policy:
   (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.
   (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.
   (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.
   (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.
2. Implementation Plan

   The Company establishes safety performance indicators (information below), expands occupational safety and health activities to improve overall occupational safety and health performance, and effectively controls risks.

   ■Safety Performance Indicators:

   (Periods: January 1, 2023 ~ December 31, 2023, unit: million working hours)

| Safety Performance Indicators | CGPC (Toufen Plant) | TVCM (Linyuan Plant) | CGPCPOL (Linyuan Plant) |
|---|---|---|---|
| Disabling frequency rate (F.R.) | 3.88 | 0.00 | 0.00 |
| Disabling severity rate (S.R.) | 97.00 | 0.00 | 0.00 |
| Frequency-Severity Indicator (F.S.I.) | 0.61 | 0.00 | 0.00 |
| Number of occupational safety fines | 0.00 | 0.00 | 0.00 |
| Number of Emergency Response Drills | 31.00 | 13.00 | 5.00 |
| Number of education and training held | 106.00 | 78.00 | 28.00 |

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

| | | | |
|---|---|---|---|
| Number of safety visits | 820.00 | 2,160.00 | 520.00 |
| The rate of completion of occupational safety and health target management plan | 100% | 100% | 100% |
| The rate of improvement of defects inspections | 95% | 100% | 100% |

Note:

1. Scope includes CGPC (Toufen Plant), Taiwan VCM Corporation (Linyuan Plant) and CGPCPOL (Linyuan Plant).
2. In 2023, the disabling frequency rate was 2.9, and there were 5 cases of occupational hazards involving 5 employees. (accounting for 0.60% of the total number of employees at the end of 2023) The goal of zero hazards was not achieved.
3. The Company has thoroughly reviewed the improvement measures to ensure the safety of employees during work.

■Occupational injury statistics for the past three years:

| Year | Total working hours (hrs) | Number of Occupational Hazard | Number of Occupational Injuries | Number of deaths | Percentage |
|---|---|---|---|---|---|
| 2021 | 1,851,972.0 | 4 | 4 | 0 | 0.44% |
| 2022 | 1,789,628.0 | 3 | 3 | 0 | 0.33% |
| 2023 | 1,744,378.0 | 5 | 5 | 0 | 0.60% |

Note: Scope includes CGPC (Toufen Plant), Taiwan VCM Corporation (Linyuan Plant) and CGPCPOL (Linyuan Plant).

In 2023, five occupational safety accidents occurred at the CGPC Toufen Plant, with three slip and fall accidents, one crush injury, and one fall accident. The Company actively reviews the reasons why it occurred, reduces the hazard factors to prevent recurrences to ensure the safety of employees during work, and immediately proposes corresponding countermeasures, and cares for employees. The improvement measures are as following:

| Company | Reasons | Improvement Measures |
|---|---|---|

<table>
<tr><th rowspan="2">Promoting Items</th><th colspan="3">Implementation status (Note 1)</th><th rowspan="2">Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td rowspan="3">CGPC Toufen Plant</td><td>Slip and fall</td><td>To eliminate the hazardous factors for the places and equipment that have the risk of slip and fall in the operation environment:<br>1. Engineering improvement: Improvement of personnel working platforms.<br>2. Administration: Safety promotion, revision of operation procedure documents, improvement of the effectiveness of personal protective equipment, and re-evaluation of risk and hazard identification in the unit.<br>3. Others: Implementation of organization and reorganization, supervision and management by supervisors, implementation of safety observation from time to time, and concern and care for injured employees.</td></tr>
<tr><td>Pressure injuries</td><td>Aiming at the improvement of equipment to carry out the overall parallel development, and eliminate the hazardous factors:<br>1. Engineering improvement: Renewal of operating platforms for operators, and installation of support frames at equipment cover openings.<br>2. Administration: Safety promotion, revision of operation procedure documents and re-evaluation of risk and hazard identification in the unit.<br>3. Others: Supervision and management by supervisors, implementation of safety observation from time to time, and concern and care for injured employees.</td></tr>
<tr><td>Fall</td><td>Change the operation from loading and unloading to loading and unloading, and eliminate the hazardous factors:<br>1. Engineering improvement: (Trailer part) Use metal pallet with residual waste on the trailer, and return the pallet after unloading the material from the factory. (Grab truck part) The remaining waste (rubber) material is concentrated in the open area, the manufacturer will clip the remaining waste (rubber) material into the grab truck, the operation process is assigned to the conductor to monitor the operation process around the situation.<br>2. Others: The machine replaces the manpower operation, reduces the hazards of human contact, and cares for and protects the injured employees.</td></tr>
</table>
Note:<br>1. From 2021 to 2023, TVCM and CGPCPOL had no contractor incident for three consecutive years.<br>2. From 2022 to 2023, CGPC had no contractor incident for two consecutive years.</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Promoting Items</th><th colspan="3">Implementation status (Note 1)</th><th rowspan="2">Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
3. Monitor Labor Working Environment:<br>
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:
<table>
<tr><th>Company</th><th>Explanation and Improvement Measures</th></tr>
<tr><td>CGPC Toufen Plant</td><td>Noise level exceeds 90dB: Hearing protection program is implemented to reduce personnel noise exposure time.</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>
4. Estimated cost of occupational injuries and illnesses and estimated impact on the company’s profitability:<br>
In 2023, CGPC improves labor environment (labor platforms, noise environment renewal) to reduce hazardous factors such as slips and falls, hearing impairment, etc. and prevention of recurrence. Reduce estimated cost of occupational injuries and illnesses and estimated impact on the company’s profitability, in accordance with the U.S. OSHA Safety and Payment for Personal Injury Assessment, according to the slip and fall caused by (lacerations, burns, bone fractures) and the work environment caused by (hearing loss) the estimated cost of the impact on the profitability of the work of the company. With this estimation tool, understand the occupational injuries and illnesses that will affect company’s profitability. (There were no workers’ compensation costs in 2023 for CGPC).<br>
5. Health inspections, environmental protection, and occupational safety and health inspections:<br>
CGPC has established the "Safety and Health Inspection and Environmental Protection Inspection Guidelines" to conduct inspections (inspect once a month) 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.<br>
In 2023, CGPC started to implement self-inspection of each factory to check for safety deficiencies, mainly to check whether the environment, machinery, and equipment in the workplace are in a safe condition, to ensure normal operation, and not to jeopardize the safety of the workers at work, and the number of self-inspection improvements in 2023 was 922 pieces.<br>
Statistics on the number of safety inspections and improvements in the past three
</td><td></td></tr>
</table>

| Promoting Items | Implementation status (Note 1) Yes | No | Summary | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | | | years | |

| Company | Item | Number of Inspections | Total Number of Deficiencies | Completed Improvements | Improvements | Improvement Rate |
|---|---|---|---|---|---|---|
| CGPC | 2021 | 1,028 | 1,328 | 1,328 | 0 | 100% |
| | 2022 | 1,808 | 1,426 | 1,426 | 0 | 100% |
| | 2023 | 820 | 978 | 929 | 49 | 95% |
| TVCM | 2021 | 556 | 251 | 251 | 0 | 100% |
| | 2022 | 1,266 | 441 | 441 | 0 | 100% |
| | 2023 | 2,160 | 580 | 580 | 0 | 100% |
| CGPCPOL | 2021 | 298 | 298 | 298 | 0 | 100% |
| | 2022 | 376 | 23 | 23 | 0 | 100% |
| | 2023 | 520 | 149 | 149 | 0 | 100% |

Note:
(1) The scope includes CGPC Toufen Plant, TVCM Linyuan Plant, and CGPCPOL Linyuan Plant, with a coverage rate of 100%.
(2) 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.
(3) The above cases that are not completed become cross-year relationships, and all deficiencies will be tracked until the improvement rate is 100%.
(4) Source of data: environmental safety and health management platform.

6. Equipment security management:
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 2023. CGPC: 98 sets, TVCM: 125 sets, CGPCPOL: 47 sets, are subjected to regular inspections in accordance with the "Regulations for Safety Inspection of Hazardous Machines and Equipment" to ensure the safety of the equipment.
7. Safety and Health Education and Training and Advocacy:

| Year | CGPC (Toufen Plant) | TVCM (Linyuan Plant) | CGPCPOL (Linyuan Plant) |
|---|---|---|---|

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

| | Total Participants | Training Hours | Total Participants | Training Hours | Total Participants | Training Hours |
|---|---|---|---|---|---|---|
| 2021 | 2,289 | 8,053.0 | 1,016 | 3,865.5 | 173 | 865.0 |
| 2022 | 2,644 | 9,062.5 | 996 | 4,900.0 | 184 | 996.0 |
| 2023 | 2,089 | 7,520.5 | 1,099 | 4,404.5 | 211 | 1,264.5 |

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&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.

8. Fire injury statistics:

| Year | Number of fires | Number of fire injuries | Number of fire deaths | Percentage |
|---|---|---|---|---|
| 2021 | 0 | 0 | 0 | 0% |
| 2022 | 0 | 0 | 0 | 0% |
| 2023 | 0 | 0 | 0 | 0% |

Note: Scope includes CGPC (Toufen Plant), Taiwan VCM Corporation (Linyuan Plant) and CGPCPOL (Linyuan Plant).

In order to enhance the ability of our employees to respond to emergencies, understand the correct procedures, and familiarize themselves with the use of safety protection equipment, so as to ensure the safety of employees, the environment, and the normal operation of the plant, and to minimize the damage caused by accidents, we have continued to strengthen our fire prevention management, fire drills, fire equipment inspections, and management of flammable materials in the plant, and to improve the fire prevention awareness of our employees. In August 2023, we sent our staff to attend the Fire and Chemical Disaster Rescue Training Course at the Fire Services Department Training Center.

| Promoting Items | Yes | No | Summary |
|---|---|---|---|
| (IV) Has the Company established effective career development and training plans for its employees? | V | | (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 regard 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 |

<table>
<tr><th rowspan="2">Promoting Items</th><th colspan="3">Implementation status (Note 1)</th><th rowspan="2">Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>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 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 livelier and more productive. Additionally, online e-learning courses allow the employees to effectively participate in learning activities anytime, anywhere, thereby enhancing their career development and overall work performance.
<table>
<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>2021</td><td>3,294</td><td>11,911.0</td><td>959</td><td>4,666.5</td><td>328</td><td>1,309.5</td></tr>
<tr><td>2022</td><td>4,444</td><td>14,968.0</td><td>1,624</td><td>7,167.5</td><td>211</td><td>1,129.0</td></tr>
<tr><td>2023</td><td>4,421</td><td>12,366.0</td><td>1,955</td><td>7,751.0</td><td>324</td><td>1,549.5</td></tr>
</table>
</td><td></td></tr>
<tr><td>(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?</td><td>V</td><td></td><td>(V)<br>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:<br>(1) Obtained many certifications such as EU environmental protection regulations RoHS, REACH, EN 71-3, and food additive license.<br>(2) The Company has established "product identification and traceability, protection measures" to clearly identify and manage traceability when delivered.<br>(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 the product’s reputation.<br>(4) Set up a stakeholder’s contact window as a channel for accepting customers' questions, complaints, or suggestions.<br>(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 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</td><td></td></tr>
</table>

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
| --- | --- | --- | --- | --- |
| | Yes | No | Summary | |
| | | | confidential.<br>Please refer to the official website: System and Product Validation/Registration Record https://www.cgpc.com.tw/zh-tw/dirProduct/frmProduct.aspx | |
| (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 | | (VI)<br>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. 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 at a rate of 100%. 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.<br>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. In addition to the management strategy of suppliers/contractors, CGPC actively participates in social services, such as regularly | |

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | recruiting personnel and suppliers/contractors to clean the beach.<br>In terms of human rights, we organize annual training courses to promote human rights protection, as described in our website (https://www.cgpc.com.tw/zh-tw/dirHR/frmHR6.aspx).<br>In terms of occupational safety and health: In order to build a disaster-free working environment and to protect the safety and health of workers, CGPC introduced the ISO 45001 Occupational Safety and Health Management System (CGPC, TVCM, and CGPCPOL passed the certification in 2020, 2019, and 2019, respectively, and the certificates are still valid) to promote the participation of all employees in occupational safety and health policies, and to conduct performance measurement in accordance with the ISO 45001 Occupational Safety and Health Management System. Description: In 2020, we were honored as a family leader of the Safety and Health Family (period: February 19, 2020 ~ February 18, 2023), and in 2023, we were awarded two prizes by the Occupational Safety and Health Administration of the Ministry of Labor: (1) “Enterprise with Excellent Performance in the Active Comparison of Occupational Health and Safety Indicators for Disclosure in the Corporate ESG Report”, and (2) “2023 Sustainability Leadership Trophy for Enterprises”. Explanation, please refer to the 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 | | 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.<br>The ESG report complies with the GRI Standard: 2021 External assurance of the report according to the AA1000 V3 Assurance Standard Application Type 1 Medium assurance level by AFNOR Asia Ltd., an independent third-party verification body “French Standards Association”.<br>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 in terms 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 information as it is independently managed by foreign subsidiaries. The greenhouse gas inventory of the ESG report includes the consolidated financial statements of the subsidiaries. | Equivalent to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies |

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | 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.<br>Note: The "Vinyl Chain" includes: CGPC, TVCM, and CGPCPOL. | |

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:

On March 11, 2015, the Board of Directors approved the establishment of the Company's "Corporate Social Responsibility Code of Practice", which was amended in accordance with the T'ai Cheng Chih Li No. 11000241731 on December 7, 2021 by TWSE. And on March 9, 2022, the Board of Directors approved the amendment of the title to the "Code of Practice for Sustainable Development", and on December 23, 2022, the Board of Directors approved the amendment of Article XXVII-1 of the new article in accordance with the T'ai Cheng Chih Li No. 11100243661 by TWSE, and on March 02, 2023, the Sustainable Development Committee approved the amendment of the new article.

In line with the international development trend and to realize the goal of sustainable development, the Company formulated the "Sustainable Development Best Practice Principles" in accordance with "Sustainable Development Best Practice Principles for TWSE or TPEx Listed Companies", and regularly review the implementation and improvement, no significant differences in operation.

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:

| Job 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 | — |

2. Responsibilities:
   (1) Determine the sustainable development policy.
   (2) Outlining the sustainable development strategy, annual plan, and project plans.
   (3) Supervising sustainable development strategies, the implementation of the annual plan and project plans, and evaluating the implementation.
   (4) Reviewing and approving the sustainable development report.
   (5) Reporting on the implementation of sustainable development activities to the Board of Directors each year.
   (6) Other matters to be conducted by the committees per Board resolution.

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| 3. Implementation Status:<br>1st Meeting<br>(1) Meeting Date: March 2, 2023<br>(2) Committee members in attendance: Zheng, Ying-Bin, Li, Liang-Xian, Wu, Yi-Gui, and Lin, Han-Fu<br>(3) Report on the results of the 2022 Sustainability Report and future goals, the results of the 2022 Stakeholder Meeting, including the identity of stakeholders, issues of concern, communication channels and response methods, the progress and planning of the 2022 Sustainability Report, the status of the greenhouse gas (GHG) inventories and the implementation of the assurance, and the planning of the ESG projects.<br>2nd Meeting<br>(1) Meeting date: August 1, 2023<br>(2) Committee members in attendance: Zheng, Ying-Bin, Hsu, Chen-I, Wu, Yi-Gui, and Lin, Han-Fu<br>(3) Report on the implementation of sustainability-related programs in the first half of 2023 and the results of the 2022 Annual Sustainability Report, greenhouse gas inventory and assurance of implementation, and ESG project planning.<br>Detailed description: Please refer to the webpage-ESG Committee Minutes (URL: https://www.cgpc.com.tw/ESG/tw/vision.aspx)<br>(II) Implementation of Environmental Protection and Occupational Safety and Health:<br>1. Environmental protection policies:<br>(1) To comply with relevant environmental protection and occupational safety and health regulations and relevant requirements derived from such regulations.<br>(2) To continuously conserve and reuse resources and energy, and reduce industrial waste.<br>(3) To prevent pollution, reduce potential risks in operations.<br>(4) To continuously provide employees with education and training, and carry out work related to environmental protection and occupational safety and health.<br>(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.<br>(6) To thoroughly implement environmental management system to enhance environmental performance and reduce environmental safety risks in communities.<br>2. Since 1998, the company has joined “Republic of China Chemical Industry Responsible Care Association TRCA” and is a member of the regulation committee of the association and participate regularly in regulatory deliberation. Implement in the factory according to TRCA’s responsible care management guidelines and report the safety performance indicators annually.<br>3. The Company continues to implement industrial waste reduction, improve workplace safety, and enhance environmental protection and occupational safety and health training for employees.<br>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.<br>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.<br>6. China General Terminal and Distribution Corporation has been improving its performance based on the R&D work on “Physics + Chemistry + Biology” (this site has been released from restriction): | | | | |

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

(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 company’s remediation performance - The remediation site of the Toufen Plant.

(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 Environmental Development Department of TVCM - The rectification performance of Sinopec Qianzhen factory control site.

(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.

(4) In 2023, the Luzhu plant of Ocean Plastics Co., Ltd. successfully passed official verification and received formal documentation confirming its deregulation. This achievement marked the first completed remediation milestone for GGTC, demonstrating significant progress in environmental management and compliance.

The results of the aforementioned remediation projects were formally recognized and acclaimed by scholars and experts from the Environmental Engineering Society and the Environmental Protection Construction Association. Outstanding and meritorious paper awards were presented for these achievements. Additionally, the environmental analysis laboratory received certification from the American Waters ERA for laboratory proficiency, demonstrating its robust inspection and quality control capabilities; Moreover, members of the drilling team successfully passed their exams and obtained the Well Drilling Technician License from the Water Resources Agency of the Ministry of Economic Affairs, further enhancing their professional credentials. In a continued effort to innovate, the team has developed bio-crystal sphere applications for which a patent application is currently pending. For the above information, please refer to the ESG Report or website: https://www.cgpc.com.tw/ESG/tw/soil-and-groundwater.aspx

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)”.
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.
9. In 2023, the groundwater remediation performance of VCM’s first plant was recognized by the Environmental Protection Administration of the Ministry of the Environment, and the company was awarded the “Excellent Unit of Green and Sustainable Remediation”.
10. In 2023, it was invited to attend the “2022 Green Procurement and Green Consumption Promotion Outstanding Units Award Ceremony” held by the Ministry of Environment and won the certificate of appreciation. CGPC’s accumulated green procurement on December 31, 2022 amounted to NT$77.31 million. The Company was awarded a certificate of appreciation by the Department of Environmental Protection, Taipei City Government.
11. It 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 “2023 Kaohsiung City Air Purification Zone Management Plan” and signing certificates of appreciation.
12. Continuing to implement ESG development, and signing a loan agreement with Chang Hwa Bank, Fubon Bank, and other banks for sustainable linkage.
13. Selected by the Occupational Safety Department as the 2023 Healthy Workforce Sustainability Leader in 2023, received the certificate, award and shared the practice at the 2023 OSHD Promotion of Sustainable Health and Safety in the Workplace Achievements Conference.
14. Awarded a Certificate of Appreciation from the Occupational Safety and Health Administration of the Ministry of Labor for promoting the upgrading and restructuring of the working environment in specific manufacturing industries.

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

15. Responded to the "Say No to Betel Nut and Protect Healthy Workplaces" campaign promoted by the Health Department of Toufen City in 2023.
16. In 2023, the Board of Directors approved to invest NT$4.5 billion in upgrading the rejoining tanks and peripheral equipment of the Toufen Plant by improving equipment safety, increasing production capacity, reducing energy consumption, and minimizing the emission of VOCs.

(III) Implementation of Energy Conservation and Carbon Reduction:

1. Energy Conservation and Carbon Reduction Policies:
   (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)
   (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.
   (3) To promote energy conservation and carbon reduction plans at departmental level and carry out energy conservation and carbon reduction education and promotional work.
   (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.
2. Outcomes of Energy Conservation and Carbon Reduction:
   The total annual energy consumption, total greenhouse gas emissions, energy savings and carbon reduction for the past three years are shown in the table:

| Category | Total energy consumption (GJ) | Volume of total greenhouse gas emission Scope 1+2 (10,000 tons of $CO_2e$) | Energy conservation (GJ) | Carbon reduction (Metric tonnes of $CO_2e$) | Energy conservation rate (%) | Carbon reduction rate (%) |
|---|---|---|---|---|---|---|
| 2021 | 4,309,405 | 38.5620 | 13,696 | 2,741 | 0.32% | 0.71% |
| 2022 | 4,055,542 | 33.6840 | 102,917 | 6,461 | 2.47% | 1.88% |
| 2023 | 3,988,900 | 31.9607 | 153,867 | 9,971 | 3.71% | 3.03% |

Note:
(1) Before 2022, the scope of greenhouse gas inventory includes CGPC (Toufen Plant), Taiwan VCM Corporation (Linyuan Plant) and CGPCPOL (Linyuan Plant).
(2) The scope of the 2023 inventory (consolidated financial statements of subsidiaries) has reached 100% coverage, and the 2023 greenhouse gas emissions are all reliable data. For more details, please refer to the 2023 Carbon Reduction Pathway Planning Guidelines.
(3) Scope 1: Major emission sources include natural gas, fuel coal, gasoline and diesel. Scope 2: Includes power and steam purchased from external sources. For details, please refer to: V. Promoting the Implementation of Sustainable Development and Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons: III. Environmental Issues - Item (4) Desription of Greenhouse Gas Emissions.

3. Energy conservation and carbon reduction projects:
   The Company has set a target of "reducing carbon emissions by 27% in 2030 compared to 2017", carbon neutrality in 2050, covering 9 domestic production plants, greenhouse gas emissions in Scope 1 and Scope 2. The medium-term carbon reduction strategy will focus on low-carbon energy transformation, energy efficiency improvement, intelligent monitoring and control, and renewable energy installation and use. The long-term carbon

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
| --- | --- | --- | --- | --- |
| | Yes | No | Summary | |

reduction strategy will continue to focus on low-carbon fuels, carbon capture and reuse technologies, and negative carbon emission technologies to implement carbon neutrality goals, promote sustainable development.

The Company has followed the carbon reduction goals and planned a carbon reduction path, and the greenhouse gas emissions in 2023 have decreased by 22.2% compared to the base year (2017). The "Renewal of IEM Liquid Alkali Evaporation Tanks Offset Project" of Toufen Plant and the "Renewal of Two Cracker Furnaces (F-6201, F-6202) Offset Project" of VCM Linyuan Plant were passed by the 1st time allowance applications through the project review and approval on February 23, 2022 and May 3, 2022, respectively and obtained a total of 7,464 metric tonnes of $CO_2e$ reduction credits, and has not yet used carbon offsets or Renewable Energy Certificates (RECs) to achieve its carbon reduction goals.

The Company actively implemented corresponding strategies and management mechanisms with practical actions. Its production plants continue to implement ISO 14064-1 greenhouse gas inventory and verification, and plan to implement carbon reduction programs and promote internal carbon pricing. The Group is also actively developing external renewable energy sites. As of the end of 2023, the cumulative grid-connected capacity of solar farms has reached 7.2MW.

The key tasks are as follows:

(1) CGPC: Renewal of the D compressor, renewal of the 800RT chiller and improvement of energy saving of the chilled water system's external circulation pump, improvement of energy saving by re-compressing air pressure, improvement of energy saving of the alkaline and chlorine cooling towers, improvement of energy saving of the new natural gas boiler, improvement of the steam mains' water dispenser and improvement of the temperature preservation, replacement of the old with a new one for the air compressor, and improvement of the energy saving of the screw heater of the extruder.

(2) TVCM: Replacement of cooling water tower circulating pump (P-6010A), replacement of cooling water tower circulating motor (PM-6010C), plant-wide steam trap improvement project (Phase II), 35-ton boiler intelligent control of heat exchanger in gas lift tower to improve steam consumption saving.

(3) CGPCPOL: RF-2401A chilled water machine equipment outdated replacement, factory water dispenser outdated replacement, hot pure water steam heating system optimization.

(IV) Implementation of social services and public welfare:

1. The Love and Care Society has been established for 50 years, with 72 members, 7 visits in 2023, and a total of about 109 visits from 2010 to 2023. 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.
2. The Company adopted 500-meter Longfong Fishing Harbor's beach in Zhunan Township since 2017. In September 2023, the seventh (after adoption) beach cleaning activities were held with 204 persons, and 310.5kg of waste were cleaned in total. Since 2017, a total of 1,018 people have participated, and a total of 3,213.4 kilograms of waste have been removed.
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.
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 820 people have participated from 2010 to 2023.
5. The Company adopted streetlamps around its Toufen Plant, and has been carrying out maintenance of these lamps since 2010 to now.

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

6. The Company adopted the Jhonggang River Dongxing Bridge Wetland Park in Miaoli since 2014.
7. In 2023, the Company donated 100 residential fire alarms to the Kaohsiung City Fire Department in the hope that this action would arouse and help the public to pay attention to fire prevention at home. Residential fire alarms can be regarded as a great tool for disaster prevention, as they can be used to alert people at the early stage of a fire to minimize casualties.
8. Linyuan Industrial Park Service Center held the first “Passing on Love” blood donation activity Responding to the fact that blood donation is an act of charity that gives full play to love and mutual aid to save lives, the Linyuan Industrial Park Service Center of the Ministry of Economic Affairs, for the first time, together with the Kaohsiung Blood Donation Center, held the “Passing on Love” blood donation activity on November 27, 2023 in front of the Park Service Center. The Company encouraged employees of Linyuan to join in the blood donation, and about 58 people donated hot blood (about 23,500 c.c.) for the first time at the service center of Linyuan Industrial Park, which was full of love.
9. USI Education Foundation: Based on the business philosophy of “solidity and stability, professional management, pursuit of excellence, and service to the community”, USI engages in educational public welfare for the purpose of caring for the underprivileged, remote villages, and the environment and ecosystems, and carries out the following businesses in accordance with relevant laws and regulations:
   (1) Sponsor education in remote areas.
   (2) Provide scholarships and grants.
   (3) Organize lectures, seminars, and other social education activities.
   (4) Sponsoring schools or educational organizations at all levels to engage in activities such as literature, sports, music, dance, art, and theater.
   (5) Industry-academia cooperation.
   (6) Other public welfare educational affairs in accordance with the purpose of the Foundation.

   The Company supports the development of domestic culture and sponsors disadvantaged education in remote villages through the USI Education Foundation. Through the reform of education in remote villages, the Company provides disadvantaged students with the opportunity to turn their lives around and improves the inequality in education; the Company also establishes long-term partnerships with the community and values and assists in the development of the community’s neighborhoods by assisting in the sale of local agricultural products and sponsoring community environmental protection activities, etc., in order to give top priority to the development of the local area and hopefully to achieve mutual prosperity with the community. Explanation, please refer to the ESG Report (URL: https://www.cgpc.com.tw/ESG/tw/ESG-Report.aspx)
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 two years are as follows:

| Item | Explanation/Date | January 14, 2022 [6th] | August 26, 2022 [7th term] | February 15, 2023 [8th term] | August 31, 2023 [9th term] |
|---|---|---|---|---|---|
| Number of blood donation participants: | Number of participants this Time | 53 | 38 | 38 | 52 |
| | Accumulated participants | 437 | 475 | 513 | 565 |
| Total blood collection bags: (250cc/bag) | Number of bags this Time | 82 | 53 | 53 | 74 |
| | Accumulated bags | 647 | 700 | 753 | 827 |
| Amount of donated blood (cc) | This Time (cc) | 20,500 | 13,250 | 13,250 | 18,500 |
| | Accumulated amount (cc) | 161,750 | 175,000 | 188,250 | 206,750 |

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

VIII. Implementation status of Climate Related Information

**Item**

1. The Board of Directors and the management of the Company are responsible for the supervision and management of climate-related risks and opportunities.
2. Describe how identified climate risks and opportunities affect the business, strategy, and finances (short, medium, and long term) of the organization.
3. Describe the financial impacts of extreme climate events and transformational actions.
4. Describe how climate risk identification, evaluation and management processes are integrated into the overall risk management system.
5. If situational analysis is used to evaluate the resilience to climate change risks, describe the situation, parameters, assumptions, analytical factors, and key financial impacts.
6. If there is a transition plan for managing climate-related risks, describe the plan content, as well

**Implementation status**

Climate change is a common challenge faced by the world. In order to keep in line with international standards and to meet the needs of sustainable development, on February 15, 2023, Taiwan announced the amendment of the Greenhouse Gas Reduction and Management Act to the Climate Change Response Act. In the face of the impact of climate change, carbon reduction has become a common goal for the world. The Company set the 2030 carbon reduction goals as “Reduce carbon emissions by 27% in 2030 compared to 2017” at the beginning of 2022, and even set “2050 Carbon Neutral” as the long-term corporate goal in 2023.

In order to enterprise sustainable vision, actively implemented corresponding strategies and management mechanisms with practical actions. Each plant continues to implement ISO 14064-1 greenhouse gas inventory and verification, and plan to implement carbon reduction programs. The Group is also actively developing external renewable energy sites. As of the end of 2023, the cumulative grid-connected capacity of solar farms has reached 7.2MW.

Followed the Group’s 2030 carbon reduction target to plan its carbon reduction path, and its 2023 greenhouse gas emissions have decreased by 22.2% compared to the base year (2017). In the future, we will actively implement energy saving and carbon reduction programs. The medium-term carbon reduction strategy will focus on low-carbon energy transformation, energy efficiency improvement, intelligent monitoring and control, and renewable energy installation and use. The long-term carbon reduction strategy will continue to focus on low-carbon fuels, carbon capture and reuse technologies, and negative carbon emission technologies to implement carbon neutrality goals, promote sustainable development.

■Carbon Reduction Achievements in 2023

Unit: 10,000 tons of $CO_2e$

| 2023 | | | 2024 |
|---|---|---|---|
| Current emissions | Actual emission | Achieving rate | Current emissions |
| 36.80 | 31.94 | 115% | 30.10 |

Note: Achievement rate = 2023 goal emissions / 2023 actual emissions

Board of Directors 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. The framework provided by the Task Force on Climate-related Financial Disclosures (TCFD)

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
| --- | --- | --- | --- | --- |
| | Yes | No | Summary | |

as indicators and objectives for identifying and managing physical risk and transformation risk.

7. If internal carbon pricing is used as a planning tool, the basis for price shall be set.
8. If climate-related goals are set, information on the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress of achievement should be provided; if carbon credits or renewable energy certificates (RECs) are used to achieve the goals, the source and amount of carbon reduction credits or the amount of RECs should be provided.
9. Greenhouse Gas Inventory and Confirmation Situation and Reduction Targets, Strategies and Specific Action Plans (fill in 1-1 and 1-2, respectively).

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.

■Climate Change Management Organization

| Category | Manage strategies and actions |
| --- | --- |
| Governance | ● ESG Committee: The 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 year and reports to Board of Directors.<br>● 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.<br>● 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.<br>● Group Green Electric Team: 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 | ● Situation Analysis: Evaluate the physical risks under different climate situations.<br>● Risk and opportunity identification: Evaluate the materiality of risks and opportunities based on the degree of association and likelihood of occurrence of risk items, and the operational execution and development of opportunity items.<br>● Evaluate potential financial impact: Identify major projects based on the possibility and impact of risk and opportunity projects |
| Governance strategies | ● Introduction of TCFD: The TCFD framework is adopted to identify risks and opportunities, which will be communicated with major responsible units and confirmed by senior executives.<br>● 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 | ● Energy management goal shall be set under the carbon reduction goal with 2017 as the base year to reduce the carbon emission by 27% in 2030 and carbon neutral goal in 2050.<br>● Climate Response Strategy: The medium-term carbon reduction strategy will focus on low-carbon energy transformation, energy efficiency improvement, intelligent monitoring and control, and renewable energy installation and use. The long-term carbon reduction strategy will continue to focus on low-carbon fuels, carbon capture and reuse technologies, and negative carbon emission technologies.<br>● Greenhouse gas emissions are exposed: 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 |

| Promoting Items | Implementation status (Note 1) Yes | No | Summary | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | | | Climate-related risk items are categorized into 3 zones according to the duration of the impact; short-term (< 3 years), medium-term (3-7 years), and long-term (> 7 years), while climate-related opportunity items are categorized into 5 levels according to the impact on the company's development and technical feasibility, and the relevant responses are listed in the table below: | |

| Type | Item | Period of occurrence |
|---|---|---|
| Physical Risk | Flooding | Mid-term (3 -7 years) |
| | Drought | Mid-term (3 -7 years) |
| Transformation risks | Carbon fee | Short-term (< 3 years) |
| | Renewable Energy Regulation - Risk of Large Electricity Consumption Clause | Short-term (< 3 years) |
| | Low carbon technology transition | Short-term (< 3 years) |
| | Rising costs of raw materials | Short-term (< 3 years) |

| Type | Item | Developmental | Technical Enforceability |
|---|---|---|---|
| Opportunities | High efficiency production | Developmental, existing company policy | Expanding and developing |
| | Recycling and Reuse – Circular Economy: | Developmental, existing company policy | Expanding and developing |
| | Reduce water consumption and water consumption | Developmental, existing company policy | Mature |
| | Usage of low-carbon energy sources | Developmental, existing company policy | Mature |
| | R&D and innovation for the development of new products and services-the development of the low-carbon and energy-saving products | Developmental, existing company policy | Expanding and developing |
| | Make good use of public sector incentives | Developmental, existing company policy | Expanding and developing |

■Identify climate risks and opportunities

In response to the intensification of global climate change, CGPC has continued to adopt the TCFD framework to deepen the risk programs that may be faced under extreme climate conditions and to grasp new business opportunities. Referring to the Taiwan Climate Change Estimation Information and Adaptation Knowledge Platform (TCCIP) and the National Center for Disaster Prevention and Relief Technology, CGPC has listed three physical

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

risk issues based on RCP 8.5 situations for 2016~2035 of temperature rise, rainfall, inundation, and drought; Based on the Group's strategy, industry characteristics, country-specific expected contribution targets (INDCs) and TCFD indicators, the Company listed 9 transformation risks and 12 opportunity issues, totaling 24 potential risk and opportunity issues.

In 2023, a questionnaire survey was conducted among the ESG Committee and senior unit executives to assess the relevance and timing of each risk to the company's operations, as well as the development and implementability of each opportunity. 21 questionnaires were returned, and after statistical analysis by the team, 12 significant climate issues were identified (2 physical risks, 4 transformation risks, and 6 opportunity issues).

CGPC targeted 12 major risks and opportunity projects. Its evaluation of potential financial impacts and formulation of response strategies and management mechanisms grasp the possible impacts of climate change in various aspects, minimize the possible operational impacts of extreme weather, and establish a resilient climate change culture.

■Promoting Internal Carbon Pricing

In February 2023, Taiwan announced the implementation of the "Climate Change Response Act", which added a carbon fee collection mechanism. The Ministry of the Environment (MOE) will formulate the relevant sub-laws on the details of the fee collection method and specific fee rates, and will plan to collect the fee by phases, starting with the largest and then the smallest, with the fee rates to be reviewed periodically and gradually increased. In order to respond to the government's policy in advance, effectively cope with climate change and minimize carbon risk, USI will introduce an internal carbon pricing system in 2024, which will make reference to the pricing basis of the domestic carbon fee. USI plans to integrate this system into the decision-making and investment evaluation process of the enterprise, so that it can evaluate the impact of carbon emissions on its business operations and accelerate the implementation of carbon reduction measures. At the same time, the Group will also organize two educational training sessions for the relevant units to help them understand the concepts and application of internal carbon pricing, and to assist factories in implementing the system as soon as possible. The Group is also planning to organize a carbon-related general education course, which will be widely attended by the Group's staff, in order to raise the awareness of all employees on the importance of reducing carbon emissions and to achieve the goal of sustainable business operation.

■Potential financial impact and response measures of risk and opportunity item

| Issues | Category | Description of risks and opportunities item | Potential financial impacts | Vinyl Chain response measures |
|---|---|---|---|---|
| Flooding | Physical Risk/Chronic | According to the Water Resources Department, if 500mm of rain falls within 24 hours, it is estimated that 0 ~ 1 meter of flooding will occur in the near future (2016~2035) and last for 1 | Increase in operating costs:<br>1. Toufen Plant invested approximately NT$12.11 million for the reconstruction of the obsolete storm drains. | 1.Reconstruction of old rain ditch in Toufen Plant: Two outfalls and sludge removal are added, the second phase of ditch reconstruction with the replacement of overlapping tanks will be reviewed and then the follow-up |

| Promoting Items | Implementation status (Note 1) Yes | No | Summary | | | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|---|---|---|---|
| | | | | | day. As a result of the above impact of heavy rainfall/flooding, the plant will be shut down due to flooding, which will result in a decrease in turnover. | 2. Construction of flood prevention and drainage measures for VCM's Linyuan Plant amounted to approximately $5.0 million. | planning will be carried out.<br>2. Flood prevention measures for the VCM Linyuan plant: Installation of storm water interceptor tanks to provide natural overflow from the gutter to the outside of the plant after 30 minutes of heavy rainfall, during which time the rainwater is collected and stored in the storm water interceptor tanks and pumped to the wastewater treatment plant.<br>Note: CGPC Toufen Plant was counseled by the Green Council in 2023 to conduct a TCFD situation analysis, which assessed the "Flooding and Inundation" item as a non-significant risk with a long term occurrence period. | |
| | | | Drought | Physical Risk/Chronic | 1. Taking 1986~2005 as the base period, the recent climate conditions (2016~2035), the maximum number of consecutive days without rainfall is 50~58 days per year, and water shortage or drought may occur.<br>2. In response to climate anomalies, water restrictions or water shortages in the plant area may result in serious reductions in production or complete shutdowns of production lines. | Increased capital expenditure, increased cost of revenue:<br>1. Drying centrifuge wastewater recovery system (HBF) project invest about NT$92.83 million and saved 597.4 million liters of water per year in 2023.<br>2. The total project cost for the construction of water storage tanks is approximately NT$21 million. | 1. Continuously monitor internal and external water conditions.<br>2. Implemented water conservation measures such as "increasing the amount of HBF recycled water used" and "increasing the concentration of cooling water towers to reduce the amount of replenished water".<br>3. Continuing to implement water improvement programs, we will strengthen the water recovery rate R2.<br>4. The HBF system at the Toufen Plant was expanded to include a new filter tank and pre-treatment process in 2023, which is expected to increase the amount of recycled water by 35 million liters per year.<br>5. The building materials plant promotes the recycling of rainwater. | |

| Promoting Items | Implementation status (Note 1) Yes | No | Summary | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
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|---|---|---|---|---|
| | | | | 6. In 2021, 500 tons of PE tanks (20 tanks) were newly constructed.<br>7. In 2022, 1,500-ton tap water storage tank was built. |
| Carbon fee | Transformation Risks/Policies and Laws | The Ministry of the Environment released the “Carbon Fee Bill” in December 2023, and it is expected that a carbon fee will be levied in 2025 on large carbon emitters with annual emissions exceeding 25,000 tons. | High input cost in the early stage, low carbon emissions in the later stage, and reduced operating costs: Assuming that the carbon fee is based on a price of NT$300 tons of $CO_2e$ and an exemption of 25,000 tons of $CO_2e$:<br>1. The estimated carbon fee for 2024 is $62.25 million, accounting for 0.5% of 2023 consolidated revenue.<br>2. Vinyl Chain In 2023, Toufen Plant implemented a number of carbon reduction projects, reducing the amount of carbon by 9,970 tons, with a carbon reduction benefit of $2.991 million. | 1. The Company evaluated the use of internal carbon pricing as a shadow price, and included carbon costs in its investment considerations to increase the chances of implementing carbon reduction projects.<br>2. We are actively implementing carbon reduction programs, such as equipment retirement and replacement, manufacturing process improvement, and heat recovery.<br>3. AI intelligence was introduced into the factory, and the distillation tower was introduced into the AI model to find out the optimal operating conditions and reduce steam consumption per unit of product.<br>4. Obtained greenhouse gas offset credits for a total of 7,464 tons of $CO_2e$ with a carbon reduction benefit of NT$2.2392 million (calculated at NT$300 per ton).<br>5. When the sub-law on carbon fee is announced, the plant will evaluate and propose its own reduction plan to strive for preferential rates and carbon fee deduction from the reduction quota. |
| Renewable Energy Regulation - Risk of Large Electricity Consumption | Transformation Risks/Policies and Laws | The Ministry of Economic Affairs (MOEA)’s “Regulations on the Installation of Renewable Energy Power Generation Facilities for Electricity | Increased capital expenditures:<br>The Company has invested NT$102.4 million to install a solar energy system with a capacity of 2.12 MW on | Toufen Plant has installed 2.12MW of solar energy capacity on the roof. |

| Promoting Items | Implementation status (Note 1) Yes | No | Summary | | | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|---|---|---|---|
| | | | Clause | | Consumers with Contracted Capacity Above a Certain Amount” came into effect in 2021, requiring large power users with contracted capacity of 5,000 kW or more to install renewable energy facilities with a contracted capacity of 10% of the total capacity by the end of the 2025. | the rooftop of the plant and plans to fulfill the requirement of installing renewable energy equipment for large-scale electricity users by 2024. | | |
| | | | Low carbon technology transition | Transition Risks/Energy, Technology | Investing in low-carbon technology development, such as energy transformation, efficiency improvement, and fuel substitution, in order to reduce carbon emissions increases the cost of technology investment. | Increased capital expenditures, reduced operating costs:<br>1. Vinyl Chain invested approximately NT$195,084,000 in energy saving and carbon reduction projects in 2023, reducing carbon emissions by 9,970 tons of $CO_2e$.<br>2. In 2023, Vinyl Chain’s self-assessment and procurement of government-approved green products amounted to NT$71.45 million.<br>3. Vinyl Chain’s 2023 project to replace old water dispensers with new ones and optimize the steam heating system for hot purified water cost about NT$7.24 million. | 1. Vinyl Chain three plants have obtained ISO 50001 energy management system verification.<br>2. Continued to implement energy-saving and carbon reduction equipment improvement programs, such as: retirement and replacement of old equipment, heat recovery, introduction of the AI energy-saving program, and energy-saving coating for cracking furnaces.<br>3. In 2019, the Company started to implement a green procurement program, and have applied for projects online, mainly purchasing green products as energy-saving equipment.<br>4. Invested in energy-saving equipment (e.g., pumps, motors, IE3 high-efficiency induction motors, inverters, gas boiler burners, LED light bulbs, cooling water tower circulating pumps, and fan upgrades or fan inverter additions) and other achievements.<br>5. Vinyl Chain’s three plants’ water dispenser retirement and | |

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

| | | | | |
|---|---|---|---|---|
| | | | | replacement and hot pure water steam heating system optimization project can save 14,213 tons of steam per year, and reduce carbon emissions by 2,386 tons of $CO_2e$ per year. |
| Rising costs of raw materials | Transformation risks/markets | Under the consideration of carbon tax in the future, the cost of raw materials will be added to the cost of carbon emissions, and the price will increase. | Increase in operating costs: Due to inflation and uncertainty about the future economy, the global price of ethylene has declined. In order to strengthen vertical integration up and down the industrial chain and flexibly adjust production and marketing planning, the Company has built a new VCM storage tank at our Toufen Plant and additional storage tanks at our intercontinental terminals as a buffer against drastic changes in the market, with a total cost of approximately NT$3.5 billion for the construction. | 1.Promote circular economy: recycling and reuse of raw materials For example, the amount of pipes recycled by the Building Materials Plant in 2023 was 2,621 tons, with the recycling rate accounting for 14.3% of the 2023 pipe production.<br>2.Vertical integration strategy from purchasing, production, and sales and regular review of raw material and finished product inventories in response to changes in the market, and rolling review of inventory changes, projects:<br>(1)Construction of ethylene, vinyl chloride and ethylene dichloride storage tanks at the Intercontinental Terminal.<br>(2)New VCM storage tanks at the Toufen Plant to ensure flexible production and sales scheduling of major raw materials. |
| High efficiency production | Opportunities/ resource efficiency | Enhanced overall production efficiency and reduced energy consumption through AI intelligent production, industrial motors, automatic packaging and other production tools. | Increased capital expenditures, reduced operating costs:<br>Taking the #5 dryer optimization project as an example, the company has invested about NT$4.15 million in the project, using AI models to provide the best program operating conditions settings (SP) for | Introduction of AI for intelligent management (Chapter 3.6)<br>1.AI is introduced into the manufacturing process to find out the optimal program operating conditions through modeling, and carry out intelligent control to optimize energy efficiency.<br>2.Combined with Image Recognition (AOI), the system is used for the thermal image recognition of |

| Promoting Items | Implementation status (Note 1) | | | | | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|---|---|---|---|
| | Yes | No | Summary | | | | | |
| | | | | | | intelligent control, saving up to 1,100 tons of steam per year, with an annual cost savings of about NT$1.13 million, and an annual carbon reduction of 175 tons of $CO_2$e. | electrical disks and the safety system of forklift sensing to enhance the safety of the operating environment.<br>3.Taking the 35-ton boiler as an example, it saves 460,504 kWh of electricity, 1,400,000 M³ of natural gas, 3,138.5 tons of $CO_2$eand NT$15.45 million in costs. | |
| | | | Recycling and Reuse - Circular Economy | Opportunities/ resource efficiency | According to the three principles of circular economy (3R): Reduce, Reuse and Recycle. Reduced waste disposal costs, or raw material usage. | Increase in operating costs:<br>1. Invested approximately NT$800,000 in 2023 GRS Global Recycling System certification program. 2023 Recycled TPE leather for end products invest about NT$500 thousand.<br>2. In 2023, the POE aquaponics pool cloth project invested about NT$800,000. | 1.The building materials factory started to collect various in-plant recycled and recovered materials and recycled PVC powder and purchased recycled rubber granules since 2021, which were put into production and re-manufactured into new products for sale, and the recycling rate reached 14.3 % in 2023.<br>2.The proportion of recycled plastics used in TPE environmental protection leather products reached 30~60%, which was certified by GRS Global Recycling System.<br>3.The small bags of the PVC Toufen Plant are converted to hot melt PE bags, which can be 100% processed and recycled. | |
| | | | Reduce water consumption and water consumption | Opportunities/ resource efficiency | Water is an irreplaceable resource in the manufacturing process. Reducing water leakage and increasing the proportion of water recycling in the factory saves operating costs and enhances the resilience of the factory. | Increased capital expenditures, reduced operating costs:<br>Drying centrifuge wastewater recovery system (HBF) project invest about NT$92.83 million. | 1.The building materials factory built a rainwater recycling device that can store about 5 tons of rainwater for watering flowers and using water in toilets, saving water usage.<br>2.The PVC plant installed a drying centrifuge process water recovery system (HBF), which enhances the cooling water recovery rate through the biological treatment system and COD adsorption | |

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

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| | | | | system, saving 597.4 million liters of water per year in 2023.<br>3.The HBF system at the Toufen Plant was expanded to include a new filter tank and pre-treatment process in 2023, which is expected to increase the amount of recycled water by 35 million liters per year.<br>4.VCM's Linyuan plant recycles process steam condensate for use in cooling water towers. |
| Usage of low-carbon energy sources | Opportunities/ Resilience, energy sources | Promote coal-to-gas conversion, increase the proportion of renewable energy use, reduce carbon costs, reduce product carbon footprint, and enhance corporate image and brand value. | Increased capital expenditures and reduced carbon fees:<br>Natural gas boiler energy-saving improvement project, investment cost about NT$63,000 thousand. | 1.The addition of a 30-ton day gas boiler at the Toufen Plant was completed in October 2023, saving 1,235,889 NM³/year of natural gas and reducing carbon emissions by 2,345 tons of $CO_2e$/year.<br>2.Since 2021, the company has been promoting the conversion of coal-fired boilers to natural gas boilers, and plans to switch to natural gas by 2025, with an estimated carbon reduction of 16,000 tons of $CO_2e$.<br>3.The optimization and improvement project of the 35-ton steam boiler at VCM's Linyuan plant was completed in July 2023. The boiler optimization will save 1,400,000 NM³/year of natural gas, and the conversion of the windmill to inverter control will save 460,504 kWh of electricity/year, with a total carbon reduction of 3,139 tons of $CO_2e$/year. |
| R&D and innovation for the development of new products and services-the | Opportunities/ products and services | R&D is oriented toward circular economy, low carbon, and energy-saving product development. The Company invest in | Increased R&D expenses, increased operational costs:<br>1. In 2023, the Company obtained the GRS | Continuously develop new recycled products, such as:<br>1.Adopting post-consumer TPO or industrial waste TPU, through the extension process and |

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

| | | | | |
|---|---|---|---|---|
| development of the low-carbon and energy-saving products | | technology from the perspective of the complete life cycle of products and services, and develop low-carbon products. | Global Recycling System certification program, which can enhance our corporate image, obtain brand certification, and increase market competitiveness, with an investment of approximately NT$800,000.<br>2. In 2023, the Company invested about NT$500,000 in the project of anti-bacterial and anti-mold rubber skin made from bio-shell powder. | post-consumer recycled PET bottles into polyester non-woven fabrics (base fabrics) to conform to the environmentally friendly synthetic leather, the proportion of recycled plastics used reaches 30~60%, and obtains the certification of GRS Global Recycling System.<br>2.The use of discarded oyster shells through high temperature forging and grinding into oyster shell powder, a natural material, instead of synthetic antimicrobial agents, applied to artificial leather, the impact of pollution on the environment can be minimized, and tested and certified to have the effect of antibacterial and mold proof. |
| Make good use of public sector incentives | Opportunity/ Market | Utilizing government incentives to reduce investment costs, adopt new technologies, and enhance competitiveness. | Increased capital expenditures, increased revenue:<br>1. Toufen Plant was selected as a TCFD demonstration manufacturer by the Green Council.<br>2. Toufen Plant was selected as a mentor factory by the Taiwan Productivity Council and applied for the Green Factory Label (Cleaner Production + Green Building) with an investment of approximately NT$1.5 million.<br>3. Applied for loans for | 1.Toufen Plant arranged five counseling sessions in 2023 TCFD to estimate the future situations of "flooding, drought, and high temperature" for the three types of climate disasters from 2016 to 2035, based on the RCP 8.5 situation. In the case of restructuring risk, the IEA set the situation as "future global temperature rise of 1.5°C" to plan the medium and long-term strategy early so that the company can grasp the risks and opportunities more accurately, and shared the experience of implementing TCFD with various industries in 2024.<br>2.CGPC applied for the Green Factory Label in 2023, five counseling sessions have been |

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

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|---|---|---|---|---|
| | | | the construction of automated warehouses, VCM storage tanks, and Kaohsiung Intercontinental Terminal II storage tanks at the Toufen Plant with government subsidized interest projects.<br>4. The total amount of government subsidy in 2023 was NT$1,394 thousand. | arranged, the paperwork was sent for review in December, and it is expected that the cleaner production assessment will be arranged in April 2024 for on-site investigation and assessment; in the green building section, the lighting and air-conditioning systems were targeted for improvement.<br>3.With government subsidies and low interest loans, the Company was able to effectively reduce costs and have sufficient funds to meet our operational needs.<br>4.The government subsidy in 2023 (Unit: NT$ thousand)<br>(1)Domestic investment interest subsidy NT$1,020.<br>(2)Occupational Safety and Health Administration, Ministry of Labor NT$206.<br>(3)Water Conservancy Administration, Ministry of Economic Affairs NT$100.<br>(4)Labor Insurance Bureau, Ministry of LaborNT$49.<br>(5)Department of Labor, Ministry of Labor, T'ao Chu Miao Branch Office NT$18.<br>(6)Environmental Protection Administration, Executive Yuan NT$1. |

Note: The above scope includes Vinyl Chain's three plants (CGPC Toufen Plant, Taiwan VCM Corporation (Linyuan Plant) and CGPCPOL (Linyuan Plant).

1-1 Greenhouse Gas Inventory and Confirmation Situation in the Last Two Years

1-1-1 Greenhouse Gas Inventory Information

| |
|---|
| Describe the greenhouse gas emissions in the last two years (Metric tonnes of $CO_2e$), density metric tonnes $CO_2e$/million and the scope of the data. |
| The greenhouse gas emission data of CGPC for the last two years: |

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

| Year | | 2022 | 2023 |
|---|---|---|---|
| Volume of direct greenhouse gas emission (Scope 1) | Metric tonnes of $CO_2e$ | 160,176 | 151,239 |
| Volume of indirect greenhouse gas emission (Scope 2) | Metric tonnes of $CO_2e$ | 176,665 | 168,141 |
| Volume of total greenhouse gas emission (Scope 1+ Scope 2) | Metric tonnes of $CO_2e$ | 336,841 | 319,380 |
| Other volume of indirect greenhouse gas emission (Scope 3) | Metric tonnes of $CO_2e$ | 1,421,469 | 1,394,848 |
| Annual revenue | NT$1 million | 17,637 | 13,707 |
| Intensity | Metric tonnes of $CO_2e$/ NT$1 million | 19.10 | 23.30 |

Note:

1. Before 2022, the scope of greenhouse gas inventory includes (Toufen Plant), VCM and PVC (Linyuan Plant). Starting from 2023, the scope of the inventory includes the subsidiaries of CGPC's consolidated financial statements, and its coverage rate reaches 100%.
2. Scope 1: Major emission sources include natural gas, steam coal, and diesel. Scope 2: Includes power and steam purchased from external sources. Scope 3: Started inventory in 2022.
3. The greenhouse gas emissions of Toufen Plant have been checked in accordance with ISO 14064-1:2018 since 2022 and are expected to be confirmed by a third party.
4. Since 2021, the greenhouse gas emissions of VCM, PVC (Linyuan Plant have been inventoried according to ISO 14064--1:2018 and confirmed by a third-party agency.
5. The GHG emissions of three companies for the year of 2023 are all confirmed data.

Note 1:Direct Emissions Scope 1: Direct emissions from sources owned or controlled by the company, Indirect Energy Emissions Scope 2: Indirect GHG emissions from imported electricity, heat or steam, and Other Indirect Emissions Scope 3: Emissions from the company's activities that are not indirect energy emissions and come from sources owned or controlled by other companies.

Note 2:The scope of information on direct emissions and indirect energy emissions shall be handled in accordance with the schedule set forth by the order under Article 10, Paragraph 2 of these Guidelines, while information on other indirect emissions may be disclosed on a voluntary basis.

Note 3:Greenhouse Gas Inventory Standard: Greenhouse Gas Protocol or International Organization for Standardization published ISO 14064 1.

Note 4:The intensity of GHG emissions can be calculated per unit of product service or turnover, but at least the data should be stated in terms of turnover (NT$ million).

1-1-2 Greenhouse Gas Confirmation Information

Description of the most recent two-year assurance situation as of the printing date of the annual report, including the scope of the assurance, the assurance organization, the assurance criteria, and the opinion of the assurance.

Description of the last two years' greenhouse gas confirmation situation:
Confirmation criteria: In accordance with the requirements of ISO 14064-3:2006, the verification of direct and indirect greenhouse gas emissions is carried out.

| Company | CGPC | TVCM | CGPCPOL |
|---|---|---|---|

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

| | | | | |
|---|---|---|---|---|
| Inventory | Inventory Scope | CGPC Toufen Plant + Taipei Office | TVCM Linyuan Plant+ GGTC+ Taipei Office | CGPCPOL Linyuan Plant |
| | Data period | Greenhouse gas emission in 2022 | Greenhouse gas emission in 2022 | Greenhouse gas emission in 2022 |
| | Inventory time | February 2023 | May 2023 | September 2023 |
| Verification | Verification unit | SGS verification | SGS verification (Linyuan Plant)<br>Commodity inspection center<br>(GGTC+ Taipei Office) | AFNOR<br>(AFNOR) |
| | Verification time | May 2023 | July 2023 | October 2023 |

| Promoting Items | Implementation status (Note 1) Yes | No | Summary | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | | | | |

| | | | |
|---|---|---|---|
| Confirmation/Conclusion | 1. Greenhouse gas emissions information covers the period from January 1, 2022 to December 31, 2022.<br>2. SGS carried out the verification procedure in accordance with the verification criteria and bilateral agreement, and the verification evidence for Scope 1 and Scope 2 of CGPC's GHG claims showed no violation of the material difference thresholds, and conformed to the level of reasonable reporting recognized by the competent authority. Scopes 3 to 6 are limited assurance levels. | 1. Greenhouse gas emissions information covers the period from January 1, 2022 to December 31, 2022.<br>2. SGS carried out the verification procedure in accordance with the verification criteria and bilateral agreement, and the verification evidence for Scope 1 and Scope 2 of TVCM's GHG claims showed no violation of the material difference thresholds, and conformed to the level of reasonable reporting recognized by the competent authority. Scopes 3 to 6 are limited assurance levels. | 1. Greenhouse gas emissions data period: January 1 to December 31, 2022.<br>2. AFNOR confirms that the organization's verification criteria require that the GHG statement be made and that the GHG data and related information be presented fairly, consistent with the scope, objectives, and criteria of the verification as agreed upon by the parties. The level of reasonable assurance for the inventory data is declared to be Category 1 and Category 2. |

| Company | | CGPC | Overseas Subsidiaries | TVCM | CGPCPOL |
|---|---|---|---|---|---|
| Inventory | Inventory Scope | CGPC Toufen Plant + Taipei Office | CGPC(BVI) + CGPC Zhongshan Plant | TVCM Linyuan Plant+ GGTC+ Taipei Office | CGPCPOL Linyuan Plant |
| | Data period | Greenhouse gas emission in 2023 | Greenhouse gas emission in 2023 | Greenhouse gas emission in 2023 | Greenhouse gas emission in 2023 |
| | Inventory time | February 2024 | February 2024 | February 2024 | February 2024 |

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

| | | | | | |
|---|---|---|---|---|---|
| Verification | Verification unit | SGS verification | SGS verification | SGS verification | AFNOR (AFNOR) |
| | Verification time | March 2024 | March 2024 | February 2024 | April 2024 |
| Confirmation/ Conclusion | | 1. Greenhouse gas emissions data period: January 1 to December 31, 2023.<br>2. The 2023 data is currently self-calculated. (SGS external verification data is expected to be available in May 2024) | 1. Greenhouse gas emissions data period: January 1 to December 31, 2023.<br>2. The 2023 data is currently self-calculated. (SGS external verification data is expected to be available in May 2024) | 1. Greenhouse gas emissions data period: January 1 to December 31, 2023.<br>2. The 2023 data is currently self-calculated. (SGS external verification data is expected to be available in May 2024) | 1. Greenhouse gas emissions data period: January 1 to December 31, 2023.<br>2. The 2023 data is currently self-calculated. (AFNOR external verification data is expected to be available in May 2024) |

Note: Before 2022, The scope of greenhouse gas inventory includes CGPC (Toufen Plant), TVCM, CGPCPOL (Linyuan Plant). Starting from 2023, the scope of the inventory includes the subsidiaries of CGPC's consolidated financial statements, and its coverage rate reaches 100%.

Note 1: In accordance with the timetable stipulated in the order of Article 10, Paragraph 2 of this standard, if the company has not obtained a complete greenhouse gas assurance opinion by the printing date of the annual report, it should state that "the complete assurance information will be disclosed in the perpetual report", and if the company has not prepared a perpetual report, it should state that "the complete assurance information will be disclosed in the Public Information Observation Post System", and then disclose the complete assurance information in the annual report of the following year.

Note 2: The confirming organization shall comply with the requirements for confirming organizations of the sustainability report established by the Taiwan Stock Exchange Corporation and TPEx of the Republic of China.

Note 3: For disclosure content, please refer to the best practice examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange Corporation.

1-2 Greenhouse Gas Reduction Targets, Strategies and Specific Action Plans

| Describe the base year of greenhouse gas reduction and its data, the reduction target, strategy and specific action plan, and the achievement of the reduction target. |
|---|
| In the face of the impact of climate change, carbon reduction has become a common goal for the world. The Company set the 2030 carbon reduction |

| Promoting Items | Implementation status (Note 1) | | | Discrepancies from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |

goals as “Reduce carbon emissions by 27% in 2030 compared to 2017” at the beginning of 2022, and even set "2050 Carbon Neutral" as the long-term corporate goal in 2023.

In order to enterprise sustainable vision, USI Group actively implemented corresponding strategies and management mechanisms with practical actions. The Group’s domestic production plants continue to implement ISO 14064-1 greenhouse gas inventory and verification, and plan to implement carbon reduction programs. The Group is also actively developing external renewable energy sites. As of the end of 2023, the cumulative grid-connected capacity of solar farms has reached 7.2MW.

The Company followed the Group’s 2030 carbon reduction target to plan its carbon reduction path, and its 2023 greenhouse gas emissions have decreased by 22.2% compared to the base year (2017). In the future, we will actively implement energy saving and carbon reduction programs. The medium-term carbon reduction strategy will focus on low-carbon energy transformation, energy efficiency improvement, intelligent monitoring and control, and renewable energy installation and use. The long-term carbon reduction strategy will continue to focus on low-carbon fuels, carbon capture and reuse technologies, and negative carbon emission technologies to implement carbon neutrality goals, promote sustainable development.

Explanation of the carbon reduction goal pathway:

| Year | Baseline Year (2017) | 2022 | | 2023 | | Goal (2030) | Carbon Neutral (2050) |
|---|---|---|---|---|---|---|---|
| | | Current Emission | Actual Emission | Current Emission | Actual Emission | | |
| Volume of greenhouse gas emission (10,000 metric tonnes of $CO_2e$) | 41.06 | 37.59 | 33.68 | 36.80 | 31.94 | 29.97 | 0 |
| Actual carbon reduction rate (%) | 0 | 18.00% | | 22.20% | | – | – |
| Actual carbon reduction rate (%) | 0 | 111.60% | | 115.20% | | – | – |

Note: Before 2022, The scope of greenhouse gas inventory includes CGPC (Toufen Plant), TVCM, CGPCPOL (Linyuan Plant). Starting from 2023, the scope of the inventory includes the subsidiaries of CGPC’s consolidated financial statements, and its coverage rate reaches 100%.

Note 1:In accordance with the schedule set forth by the order under Article 10, Paragraph 2 of these Guidelines.

Note 2:For example, according to the order stipulated in Article 10, Paragraph 2 of this standard, companies with capital over NT$10 billion should complete the 2024 inventory of the consolidated financial statements for the year 2025, so the base year should be the year of 2024. If the company has completed the inventory of the consolidated financial statements earlier, it can use the earlier year as the base year, and the data of the base year can be calculated as the average of the data of a single year or several years.

Note 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, TWSE/TPEx 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.

Note 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<br>(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 has established a risk assessment mechanism for dishonest behavior, regularly analyze and evaluate the business activities with high risk of dishonest behavior within the business scope? 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? | 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 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.<br>The prevention programs adopted by the Company shall include preventive measures against the following actions:<br>1. To bribe and receive a bribe.<br>2. To provide illegal political donations.<br>3. To offer improper charitable donations or sponsorships.<br>4. To offer or accept unjustified presents or hospitality, or other improper benefits. | |

| 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 unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and rules for appeal, and does the Company implement them accordingly, and regularly review and correct such measures? | V | | 5. To infringe on business secrets, trademarks, patents, copyrights, and other intellectual property rights.<br>6. To engage in unfair competition.<br>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.<br>(III)<br>1. The Company has formulated the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” in accordance with the regulations of the competent authorities, and reviews and amends the relevant contents in a timely manner when the laws and regulations are amended or when the competent authorities amend the regulations.<br>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:<br>●Audit Committee: Accept reports from shareholders, investors, and other stakeholders.<br>●Audit Office: Accept reports from customers, suppliers, and contractors.<br>●Human Resources Department: Accept reports from employees of the Company.<br>No illegal event reports were received by any unit in 2023.<br>3. Related regulations have been fully implemented and we continue to organize training courses to promote the ideals. | |

| 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. Implementing Ethical Corporate Management<br>(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? | V | | (I) The Company has requested for terms of ethical conduct 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. | Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies. |
| (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? | V | | (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.<br>The corporate governance officer reported to the Board of Directors on the implementation of the annual ethical management on November 2, 2023, including the following:<br>1. Formulating relevant regulations to implement ethical management policies in compliance with the requirements of laws and regulations.<br>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.<br>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.<br>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.<br>5. Developing a whistle-blowing system and ensuring its operating effectiveness- According to statistics, no reports of illegal incidents were received this year.<br>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. | |
| (III) Has the Company established policies to prevent | V | | (III) The Company has formulated the "Guidelines for the Adoption of | |

| Evaluation Item | Implementation Status (Note) Yes | No | Summary | Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies |
|---|---|---|---|---|
| conflicts of interests, implemented such policies, and provided adequate channels of communication? | | | 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. | |
| (IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate 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? | V | | (IV) The Company's accounting system and internal control system can be operated independently and objectively. The internal auditors check relevant operations based 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. | |
| (V) Does the Company regularly hold internal and external training related to ethical corporate management? | V | | (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.<br>The Company continues to conduct ethical promotion and education training. In 2023, CGPC, TVCM, and CGPCPOL held ethical management education training courses, with a total of 1,375 participants and a total of 1,968 hours of training, broken down as follows: ethical training participation rate (number of attendees/total number of employees) was 97.32%. | |

| Course Title | Hours | Combined: Number of Participants | Combined: Total Number of Hours |
|---|---|---|---|
| [Ethics Seminar] Seminar on Information Security Traps | 2 | 137 | 274 |

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note)</th><th rowspan="2">Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies and reasons for such discrepancies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>[Ethics Seminar] Legal Awareness and Response in the Intelligent Era</td><td>2</td><td>95</td><td>190</td></tr>
<tr><td>[Ethics Seminar] Law Promotion - Insider Trading and Gender Equality</td><td>2</td><td>67</td><td>134</td></tr>
<tr><td>[Ethics Seminar] Prevention of Workplace Abuse</td><td>2</td><td>125</td><td>250</td></tr>
<tr><td>[Ethics Seminar] Legal Liability for Breach of Contract and Case Analysis</td><td>3</td><td>1</td><td>3</td></tr>
<tr><td>[Ethics Seminar] Internet Copyright and Legal Use of Software</td><td>2</td><td>47</td><td>94</td></tr>
<tr><td>[Ethics Seminar] Introduction and Case Analysis of Trade Secrets Act</td><td>3</td><td>56</td><td>168</td></tr>
<tr><td>[Ethics Seminar] Protection and Reasonable Use of Patents</td><td>2</td><td>7</td><td>14</td></tr>
<tr><td>[Ethics Seminar] Breaking into USIG Island</td><td>2</td><td>1</td><td>2</td></tr>
<tr><td>Code Standards Training</td><td>1</td><td>839</td><td>839</td></tr>
<tr><td colspan="2">Total</td><td>1,375</td><td>1,968</td></tr>
</table>
Note: The aforementioned hours do not contain training information for directors and the corporate governance officer.</td><td></td></tr>
<tr><td>III. Implementing the Company's whistleblowing system<br>(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?</td><td>V</td><td></td><td>(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 (https://www.cgpc.com.tw/PDF/others/ProcessForIllegalUnethicalDishonesty.pdf) which included the following report channels, incentive system, dedicated personnel responsible for processing reports, and whistle blower protection measures:<br>1. Whistleblowing channels:<br>(1) Personal report: Face-to-face explanation.<br>(2) Telephone report: 02-26503783<br>(3) Written report: Auditing Office, 7F., No. 37, Jihu Rd., Neihu Dist., Taipei City.<br>2. Incentive system:</td><td>Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.</td></tr>
</table>

| 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 | |
| | | | 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.<br>3. Responsible personnel:<br>(1) Audit Committee members: Accept reports from shareholders, investors, and other stakeholders.<br>(2) Audit Office: Accept reports from clients, suppliers, and contractors.<br>(3) Personnel Division: Accept reports from employees.<br>4. Whistleblower protection:<br>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. | |
| (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 | | (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 into 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 disciplinary measures and process such violations in accordance with related regulations. | |
| (III) Has the Company set up protection for whistleblowers to prevent them from being subjected to inappropriate | V | | (III) The procedures above also specify that whistleblowers or persons involved in investigations shall be fully protected and the | |

| 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 | |
| measures as a result of reporting such incidents? | | | confidentiality of their identities fully maintained, so that they will not be subjected to unfair treatment or retaliation. | |
| IV. Strengthening Information Disclosure<br>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.<br>The Company places its "Ethical Corporate Management Best Practice Principles" on the Company's external website: (https://www.cgpc.com.tw/zh-tw/dirServices/frmServices2.aspx) 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:<br>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. | | | | |
| 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)<br>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 2, 2023 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
   (25)Procedures for Transactions between Related Parties, Specified Companies and Group Companies
2. For related procedures, please visit the following websites
   (1)Corporate governance section of the 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 5, 2024

The Company makes the following statement according to the self-evaluation conducted of the internal control system in 2023:

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, 2023, including the efficacy of understanding operations, the efficiency of achievement of objectives, reliability in reporting, timeliness, and in compliance with relevant codes and relevant laws and regulations to follow the relevant internal control system design and implementation is effective, 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 5, 2024, with the nine attending directors affirming the contents of this Statement.

**China General Plastics Corporation**

Chairman: Wu, Yi-Gui Signature

General Manager: Lin, Han-Fu Signature

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 |
|---|---|---|
| 2023 | May 26, 2023 | The minutes of the Shareholders' Meeting were posted onto MOPS on June 5, 2023. The key resolutions and their status of implementation are as follows:<br>1. Approved the 2022 Account Book.<br>Implementation status: The resolution was passed.<br>2. Approved the 2022 Profit Distribution Plan.<br>Implementation status: The resolution was passed. A total of NT$174,315,148 were distributed to the shareholders as cash dividends, and the record day was August 4, 2023. All the cash dividends were completely distributed on August 25, 2023.<br>3. Discussion of amendments to the "Articles of Incorporation".<br>Implementation status: The resolution was passed, and has been implemented according to the resolution passed by the Shareholders' Meeting.<br>4. Discussion of amendments to the "Rules of Procedure for Shareholders' Meetings".<br>Implementation status: The resolution was passed, and has been implemented according to the resolution passed by the Shareholders' Meeting.<br>5. Discussion of the amendment to the "Rules for Director Elections".<br>Implementation status: The resolution was passed, and has been implemented according to the resolution passed by the Shareholders' Meeting.<br>6. Discussed the permission for the directors to engage in business competition.<br>Implementation status: The resolution was passed. |

## 2. Board of Directors

| Year of Meeting | Time of Meeting | Resolutions |
|---|---|---|
| 1st Meeting in 2023 | March 2, 2023 | 1. Approved the 2022 Account Book.<br>2. Approved the 2022 earnings distribution plan.<br>3. Approved the amendment of certain articles of the Articles of Incorporation.<br>4. Approved the amendment of certain articles in the Rules of Procedure for Shareholders' Meetings.<br>5. Approved the amendment of certain articles in the Rules for Director Elections.<br>6. Approved the recommendation at the general shareholders' meeting to lift the non-compete clause for directors.<br>7. Approved matters related to the convening of the 2023 general shareholders' meeting.<br>8. Passed to set the period and place for accepting shareholders’ proposals.<br>9. Approved the 2023 evaluation of the independence and qualifications of appointed CPAs.<br>10. Approved the appointment of CPAs for 2023.<br>11. Approved the amendment of certain articles of the Sustainable Development Best Practice Principles<br>12. Approved the issuance of the 2022 Internal Control System Statement.<br>13. Authorized the Chairman to sign and deliver short-term credit loan contracts and related documents to financial institutions. |
| 2nd Meeting in 2023 | May 2, 2023 | 1. Approved the consolidated financial statements of the Company in the 1st quarter of 2023.<br>2. Passed the endorsement guarantee for the subsidiary Company CGPC Polymer Corporation.<br>3. Pass the new three-year medium-term lending contract signed with En Tie Bank.<br>4. Passed the amendments to the Company's internal control system. |
| 3rd Meeting in 2023 | August 1, 2023 | 1. Ratification of the new three-year medium-term lending contract signed with Yuan Ta Bank.<br>2. Ratification of the new three-year medium-term lending contract signed with The Export-Import Bank of the Republic of China.<br>3. Approved the consolidated financial statements of the Company in the 2nd quarter of 2023.<br>4. Passed the endorsement guarantee for the subsidiary Company CGPC Polymer Corporation.<br>5. Passed the renovation and upgrading of rejoining tanks and peripheral equipment.<br>6. Passed the amendment of certain provisions of the “Sustainable Development Committee Charter”.<br>7. Passed the Manager’s Competitive Behavior. |
| 4th Meeting in 2023 | November 2, 2023 | 1. Ratification of the three-year medium-term lending contract signed with Chang Hwa Bank.<br>2. Ratify the endorsement guarantee for the subsidiary Company CGPC Polymer Corporation.<br>3. Approved the consolidated financial statements of the Company in the 3rd quarter of 2023.<br>4. Approved the 2024 budget.<br>5. Approved remuneration of CPAs for 2023.<br>6. Passed the 2024 Annual Audit Plan.<br>7. Passed the amendment of certain provisions of the “Procedures for Transactions between Related Parties, Specified Companies and Group Companies”.<br>8. Passed the amendments to certain provisions of the “Regulations Governing the Evaluation of the Performance of the Board of Directors”.<br>9. Passed the supplemental appointment of Independent Director Hsu, Chen-I as a member of the Remuneration Committee.<br>10. Passed the Manager’s Competitive Behavior. |
| 1st Meeting in 2024 | March 5, 2024 | 1. Ratify the endorsement guarantee for the subsidiary Company CGPC Polymer Corporation.<br>2. Ratification of the new five-year medium-term lending contract signed with Yuanta Bank.<br>3. Passed the 2023 Account Book. |

| Year of Meeting | Time of Meeting | Resolutions |
|---|---|---|
| | | 4. Passed the 2023 distribution of remuneration to directors and employees of the Company.<br>5. Passed the 2023 earnings distribution plan.<br>6. Approved the recommendation at the general shareholders' meeting to lift the non-compete clause for directors.<br>7. Approved one by-election of independent directors at the general shareholders’ meeting this year.<br>8. Passed the recommendation at the general shareholders’ meeting to lift the non-compete clause for incoming independent directors.<br>9. Approved matters related to the convening of the 2024 general shareholders’ meeting.<br>10. Passed to set the period and place for accepting shareholders’ proposals.<br>11. Passed the appointment of Mr. Hu, Chi-Hong as General Manager.<br>12. Passed the Manager’s Competitive Behavior.<br>13. Passed the 2024 evaluation of the independence and qualifications of appointed CPAs.<br>14. Passed the appointment of CPAs for 2024.<br>15. Passed the amendment of certain articles in the “Rules of Procedure for Board of Directors Meetings”.<br>16. Passed the amendment of certain provisions of the “Audit Committee Charter”.<br>17. Passed the issuance of the 2023 “Statement on Internal Control”.<br>18. Authorized the Chairman to sign and deliver short-term credit loan contracts and related documents to financial institutions.<br>19. Approved donations to the USI Education Foundation. |

(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: Not applicable.

# 5. Information Regarding CPA Professional Fees

## (I) Information on CPA Professional Fees

Unit: NT$ thousands

<table>
<tr><th>Name of CPA firm</th><th>CPA</th><th>CPA's duration of audit</th><th>Audit Fees</th><th>Non-Audit Fees</th><th>Total</th><th>Remark</th></tr>
<tr><td rowspan="2">Deloitte, Taiwan</td><td>Hsiu-Chun Huang</td><td rowspan="2">2023</td><td rowspan="2">3,600</td><td rowspan="2">570<br>(Note 3)</td><td rowspan="2">4,170</td><td rowspan="2"></td></tr>
<tr><td>Chiu, Cheng-Chun</td></tr>
</table>

Note 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.

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

Note 3: Tax certification fee is NT$570 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 the 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 Regarding Replacement of CPAs

## (I) Regarding the former CPA

<table>
<tr><td>Date of Change</td><td colspan="4">N/A</td></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="4">N/A</td></tr>
<tr><td rowspan="3">Statement on whether the authorizing party or the accountant terminates or rejects the authorization</td><td colspan="2">Principal / Situation</td><td>CPA</td><td>Authorizing party</td></tr>
<tr><td colspan="2">Termination of appointment</td><td colspan="2" rowspan="2">N/A</td></tr>
<tr><td colspan="2">No longer accepted (continued) appointment</td></tr>
<tr><td>Other issues (except for unqualified issues) in the audit reports within the last two years</td><td colspan="4">N/A</td></tr>
<tr><td rowspan="6">Is there any disagreement with the issuer?</td><td rowspan="4">YES</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Audit scope or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3">✓</td></tr>
<tr><td colspan="4">Explanation: Not applicable</td></tr>
<tr><td>Other items for disclosure (items in Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Regulations shall be disclosed)</td><td colspan="4">N/A</td></tr>
</table>

## (II) Information on the succeeding CPA:

<table>
<tr><td>Name of CPA firm</td><td rowspan="5">N/A</td></tr>
<tr><td>Name of CPA</td></tr>
<tr><td>Date of Appointment</td></tr>
<tr><td>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</td></tr>
<tr><td>Written opinions from successor CPAs with regards to matters with which former CPAs disagreed</td></tr>
</table>

(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 Who Has Served in a CPA's Accounting Firm or Its Affiliated Companies in the Most Recent Year Shall Disclose Their Names, Positions and the Period of Employment in CPA's Accounting Firm or Its Affiliated Companies: No such occurrences.

# 8. Equity Transfer or Changes in Equity Pledged by the Company's Directors, Supervisors, Managerial Officers or Shareholders with Shareholding Percentage Exceeding Ten (10) Percent in the Most

Recent Fiscal Year up to the Publication Date of this Annual Report

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

Unit: Shares

| Job Title (Note 1) | Name | 2023 | | As of March 31, 2024 | |
|---|---|---|---|---|---|
| | | Increase (decrease) of shares pledged | 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 |
| Shareholder | Asia Polymer Corporation | 0 | 0 | 0 | 0 |
| Director | Wu, Pei-Ji (Representative of Asia Polymer Corporation) | 0 | 0 | 0 | 0 |
| | Liu, Han-Tai (Representative of Asia Polymer Corporation) | 0 | 0 | 0 | 0 |
| Shareholder | USI Investment Co., Ltd. | 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 (Resigned on October 12, 2023) | 0 | 0 | N/A | |
| | Hsu, Chen-I | 0 | 0 | 0 | 0 |
| Chief Executive Officer | Wu, Yi-Gui | 0 | 0 | 0 | 0 |
| Vice Chairperson 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 |
| General Factory Director | Tsai, Pei-Hong | 0 | 0 | 0 | 0 |
| Director, Processing Manufacturing Division | Chang, Kwon-Hong | 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 |

Note 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 30, 2024

| 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 | Shareholding ratio (Note 2) | Shares | Shareholding ratio (Note 2) | Shares | Shareholding ratio (Note 2) | Name | Relationship | |
| Union Polymer International Investment Corporation | 145,079,236 | 24.97% | — | — | — | — | APC, TTC | Same Chairman | |
| Representative: Wu, Yi-Gui | 0 | 0% | — | — | — | — | | | |
| Asia Polymer Corporation | 46,886,185 | 8.07% | — | — | — | — | UPIIC, TTC | Same Chairman | |
| Representative: Wu, Yi-Gui | 0 | 0% | — | — | — | — | | | |
| Fubon Life Insurance Co., Ltd. | 24,468,000 | 4.19% | — | — | — | — | None | None | |
| Representative: Lin, Fu-Hsing | 0 | 0% | — | — | — | — | | | |
| Taiwan Life Insurance Co., Ltd. | 14,502,000 | 2.50% | — | — | — | — | None | None | |
| Representative: Cheng, Tai-Kei | 0 | 0% | — | — | — | — | | | |
| Taita Chemical Company, Limited | 11,516,174 | 1.98% | — | — | — | — | UPIIC, APC | Same Chairman | |
| Representative: Wu, Yi-Gui | 0 | 0% | — | — | — | — | | | |
| TransGlobe Life Insurance Inc.'s wholly entrusted investment account with Nomura Asset Management Taiwan Ltd. | 10,943,000 | 1.88% | — | — | — | — | None | None | |
| JP Morgan Chase Bank, Taipei Branch is entrusted with the custody of Vanguard Total International Equity Index Fund, a series of funds of Vanguard Starlight Fund | 6,031,597 | 1.04% | — | — | — | — | None | None | |
| JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Group's Vanguard Emerging Markets Stock Index Fund Investment Account | 5,355,926 | 0.92% | — | — | — | — | None | None | |
| Cathay Life Insurance Co., Ltd. | 4,100,000 | 0.71% | — | — | — | — | None | None | |
| Representative: Hsiung, Ming-He | 0 | 0% | — | — | — | — | | | |
| Sales Department of Standard Chartered Bank (Taiwan) Limited is entrusted with the ISHARES Core MSCI Emerging Markets ETF investment account | 3,192,386 | 0.55% | — | — | — | — | None | None | |

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

Note 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.

Note 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, 2023; 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 | Percentage of Ownership (%) | Shares | Shareholding ratio (%) | Shares | Percentage of Ownership (%) |
| Taiwan VCM Corporation | 259,591,005 | 87.27 | 0 | 0 | 259,591,005 | 87.27 |
| CGPC Polymer Corporation | 70,170,682 | 100.00 | 0 | 0 | 70,170,682 | 100.00 |
| CGPC（BVI）Holding Co., Ltd. | 14,808,258 | 100.00 | 0 | 0 | 14,808,258 | 100.00 |
| China General Terminal & Distribution Corporation | 25,053,469 | 33.33 | 0 | 0 | 25,053,469 | 33.33 |
| CGPC America Corporation | 100 | 100.00 | 0 | 0 | 100 | 100.00 |
| Acme Electronics Corporation | 3,566,526 | 1.67 | 1,510,750 | 0.71 | 5,077,276 | 2.38 |

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

# IV.Funding Status

## (I) 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, 2024; Unit: Share; NT$

| 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 |
| September, 2021 | 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 |

Note 1: The annual data shall be updated as of the publication date of this annual report.
Note 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.
Note 3: Shares traded below par value shall be indicated in a clear manner.
Note 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.
Note 5: Private placement of corporate bonds should be indicated in a clear manner.

March 31, 2024; 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 | Remark |
|---|---|---|---|---|---|---|---|
| | Total number of shares | Approved amount | Shares | Price | | | |
| N/A | | | | | | | |

### (II) Shareholder Structure

March 30, 2024; Unit: Shares

| Shareholder Structure / Quantity | Government Institutions | Financial Institutions | Other legal persons | Individuals | Foreign Institutions and Outsiders | Total |
|---|---|---|---|---|---|---|
| Number of Shareholders | 2 | 3 | 248 | 73,372 | 154 | 73,779 |
| Number of Shares | 58,446 | 18,602,112 | 252,334,536 | 271,418,599 | 38,636,801 | 581,050,494 |
| Percentage of Ownership | 0.01 % | 3.20 % | 43.43 % | 46.71 % | 6.65 % | 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 30, 2024

| Classification of Shareholding | Number of Shareholders | Number of Shares (Unit: Shares) | Percentage of Ownership (%) |
|---|---|---|---|
| 1 to 999 | 36,114 | 5,233,195 | 0.90 % |
| 1,000 to 5,000 | 26,700 | 58,187,558 | 9.99 % |
| 5,001 to 10,000 | 5,577 | 41,696,566 | 7.18 % |
| 10,001 to 15,000 | 1,982 | 24,435,197 | 4.21 % |
| 15,001 to 20,000 | 1,035 | 18,764,644 | 3.23 % |
| 20,001 to 30,000 | 966 | 24,143,599 | 4.16 % |
| 30,001 to 40,000 | 415 | 14,566,260 | 2.51 % |
| 40,001 to 50,000 | 274 | 12,495,688 | 2.15 % |
| 50,001 to 100,000 | 439 | 30,680,519 | 5.28 % |
| 100,001 to 200,000 | 160 | 21,762,760 | 3.75 % |
| 200,001 to 400,000 | 75 | 20,583,520 | 3.54 % |
| 400,001 to 600,000 | 15 | 7,608,155 | 1.31 % |
| 600,001 to 800,000 | 6 | 4,468,312 | 0.77 % |
| 800,001 to 1,000,000 | 2 | 1,664,781 | 0.29 % |
| 1,000,001 and more create new ranges as needed | 19 | 294,759,740 | 50.73 % |
| Total | 73,779 | 581,050,494 | 100.00% |

### 2. Preferred stocks: None.

## (IV)List of Major Shareholders

March 30, 2024

| Shares / Name of majority shareholders | Number of Shares Held (Unit: share) | Percentage of Ownership (%) |
|---|---|---|
| Union Polymer International Investment Corporation | 145,079,236 | 24.97% |
| Asia Polymer Corporation | 46,886,185 | 8.07% |
| Fubon Life Insurance Co., Ltd. | 28,468,000 | 4.90% |
| Taiwan Life Insurance Co., Ltd. | 14,502,000 | 2.50% |
| Taita Chemical Company, Limited | 11,516,174 | 1.98% |
| TransGlobe Life Insurance Inc.'s wholly entrusted investment account with Nomura Asset Management Taiwan Ltd. | 10,943,000 | 1.88% |
| JP Morgan Chase Bank, Taipei Branch is entrusted with the custody of Vanguard Total International Equity Index Fund, a series of funds of Vanguard Starlight Fund | 6,031,597 | 1.04% |
| JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Group's Vanguard Emerging Markets Stock Index Fund Investment Account | 5,355,926 | 0.92% |
| Cathay Life Insurance Co., Ltd. | 4,100,000 | 0.71% |
| Sales Department of Standard Chartered Bank (Taiwan) Limited is entrusted with the ISHARES Core MSCI Emerging Markets ETF investment account | 3,192,386 | 0.55% |

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

Unit: NT$ Year

| Item | | | 2022 | 2023 | As of 2024 March 31 (Note 8) |
|---|---|---|---|---|---|
| Market price per share (Note 1) | Highest | | 36.45 | 29.70 | 22.55 |
| | Lowest | | 19.05 | 21.30 | 18.05 |
| | Average | | 29.33 | 25.30 | 19.88 |
| Net Worth Per Share (Note 2) | Prior to distribution | | 16.26 | 16.49 | 16.44 |
| | Post distribution | | 15.96 | 16.14 | – |
| Earnings Per Share (Note 3) | Weighted Average Shares | | 581,050,494 | 581,050,494 | 581,050,494 |
| | Earnings per share before adjustment | | -0.64 | 0.59 | (0.05) |
| | Earnings per share after adjustment | | -0.64 | –(註 9) | – |
| Dividend Per Share (DPS) | Cash dividends | | 0.30 | 0.35 | – |
| | Stock Dividends | Stock dividends from retained earnings | 0 | 0(註 10) | – |
| | | Stock dividends from capital reserve | 0 | 0(註 10) | – |
| | Accumulated unpaid dividends (Note 4) | | – | – | – |
| Analysis of Return on Investments | Price-earnings Ratio (Note 5) | | -43.80 | 41.75 | – |
| | Price-earnings Ratio (Note 6) | | 93.43 | 70.37 | – |
| | Yield on cash dividend (Note 7) | | 1.07% | 1.42% | – |

＊ 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.

Note 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.

Note 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.

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

Note 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.

Note 5: Price/earnings ratio = Average closing price per share for the current fiscal year/earnings per share.

Note 6: Price/dividend ratio = Average closing price per share for the current fiscal year/cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share/average closing price per share for the current fiscal year.

Note 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 in. For other fields in this column, data from the current fiscal year as of the publication date of this annual report should be filled in.

Note 9: Distribution of earnings has not been approved by the general shareholders' meeting and is therefore not shown.

Note 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’s 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 regard 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 the Profit Distribution Plan in 2023, the Board of Directors has proposed to distribute cash dividends of NT$0.35 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 28, 2024.

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 2024, so no disclosure of forecast information is required.

<table>
<tr><td colspan="3">Year<br>Item</td><td>2024<br>(Estimate)</td></tr>
<tr><td colspan="3">Paid-up capital at the beginning of the period (Unit: NT$)</td><td>NT$5,810,504,940</td></tr>
<tr><td rowspan="3">Distribution of dividends in the current fiscal year (Note 1)</td><td colspan="2">Cash dividend per share (Unit: NT$)</td><td>NT$0.35</td></tr>
<tr><td colspan="2">Number of allotted shares per share for capitalization of earnings</td><td>0 shares</td></tr>
<tr><td colspan="2">Capital surplus to capital allotment per share</td><td>0 shares</td></tr>
<tr><td rowspan="7">Changes in Operating Performance</td><td colspan="2">Operating profits</td><td rowspan="13">N/A (Note 2)</td></tr>
<tr><td colspan="2">Operating income increased (decreased) over the same period last year</td></tr>
<tr><td colspan="2">Net profit after tax</td></tr>
<tr><td colspan="2">Net profit after tax increased (decreased) over the same period last year</td></tr>
<tr><td colspan="2">Earnings per share</td></tr>
<tr><td colspan="2">Earnings per share increased (decreased) over the same period last year</td></tr>
<tr><td colspan="2">Average annual rate of return on investment (inverse of average annual cost-benefit ratio)</td></tr>
<tr><td rowspan="6">Proposed mandatory earnings per share and capital gain ratio</td><td rowspan="2">If all of the capital surplus is transferred to cash dividends</td><td>Proposed earnings per share</td></tr>
<tr><td>Average annual rate of return on investment</td></tr>
<tr><td rowspan="2">If the capital reserve has not been transferred to capital</td><td>Proposed earnings per share</td></tr>
<tr><td>Average annual rate of return on investment</td></tr>
<tr><td rowspan="2">If no capital reserve is recorded and the capital surplus is transferred to cash dividends</td><td>Proposed earnings per share</td></tr>
<tr><td>Average annual rate of return on investment</td></tr>
</table>

Note 1: Distribution of dividends for 2023 is based on the earnings distribution plan approved by the Board of Directors on March 5, 2024.
Note 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.

(VII) The remuneration of 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' remuneration shall not exceed one (1) percent of the Company's distributable earnings in the current fiscal year.
   (2) Employee remuneration:
   Employees' remuneration 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 remuneration 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 remuneration of directors and employees in the current year:

(1)-1 Employee remuneration 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 remuneration payable to the employees by the Company in 2023 was estimated to be NT$3,130 thousand.

(1)-2 Director's 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 2023.

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

(3) Auditing procedures for discrepancies between the estimated remuneration 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 2023 employee remuneration approved in the Board of Directors meeting on March 5, 2024:

(1) Distribution of remuneration for directors and employees.

Directors' rewards: None.

Employee remuneration: NT$3,130 thousand, all in cash.

(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 remuneration distributed to employees and directors (including number and dollar amount of shares distributed, as well as share price) and the recognized amount of remuneration 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 2022 | | Discrepancy | Reasons for discrepancy and processing method |
|---|---|---|---|---|
| | Amount reported in Financial Statements | Amount actually distributed | | |
| Employee Remuneration | 0 | 0 | 0 | No distribution |
| 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 2023 is about 3%), and give special salary adjustment to talents with excellent performance to achieve a competitive salary level in the market.

Average salary:

| Item | Content | 2023 | Discrepancies from the previous year |
|---|---|---|---|
| 1 | The number of full-time employees who are not supervisors | 641 | -20 |
| 2 | Average salary of full-time employees who are not supervisors (NT$ thousand) | 949 | 7 |
| 3 | Median salary of full-time employees who are not supervisors (NT$ thousand) | 906 | 2 |

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

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

Note 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".

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

### (VIII) 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.

## II. 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.

## III. Issuance of Preferred Stocks: None.

## IV. Issuance of Global Depository Receipts: None.

## V. Issuance of Employee Stock Option

## VI. Issuance of New Restricted Employee Shares: None.

## VII. Status of New Share Issuance in Connection with Mergers and Acquisitions: None.

## VIII. Implementation of Capital Utilization 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 | 5% |
| PVC resin, PVC compound and chlor- alkali | 73% |
| PVC construction products: Pipes, pipe fittings, door panels and anti-corrosion protection panels | 6% |
| 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 | 7% |

3. Plans for new product development:

- High softening temperature car pedal pad
- PVC wire harness tape
- Easy cut door edge tape
- Marking line tape
- GRS Global Recycling System Certification
- Anti-virus door plate and rigid sheet development
- TPO car center island/footrest pad
- Recycled TPE leather for end products
- POE fish-electric symbiotic pool cloth
- Marine soft leather development
- Development of third-generation stain-resistant PVC leather
- TPE leather products for car seats
- Bio-shell powder antibacterial and anti-mold leather development
- Low VOC PVC/TPE series rubber leather
- TPU headset cover tape development
- Development of solvent-free PVC/TPE cloth paste
- Solvent-free surface treatment leather for PVC/TPE
- Development of High Hydrolysis Resistant TPU Materials and Related Products
- TPO anti-static transparent film/sheet development
- Sponge leather development for Casting-like furniture

## (II) State of the industry

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

In the beginning of the year 2023, the market was overly hopeful for the lifting of epidemic restrictions, leading to a rebound in the durable materials market and a short-term recovery in the alkali-chloride related industries. However, the unstable economic conditions in China, a downturn in the construction-related industries, and reduced demand resulted in rapid expansion of new capacity for various durable materials, leading to increased supply. Consequently, the upward momentum of alkali-chloride series products could not be sustained and instead weakened, reversing direction downwards. Under the dual impact of strong raw material prices and weak downstream demand, the operational pressure on VCM has doubled.

In terms of raw materials:

EDC: As the international demand for alkali remains sluggish, prices are difficult to boost. Alkali factories maintaining low operation rates also affect the supply of EDC. Furthermore, the low water levels in the Panama Canal and the adverse situation in the Red Sea, along with surging freight rates, have made it difficult for ocean freight to reach Asia. This has redirected sales to India, Europe, and other regions. In the Asian market, under the impact of limited EDC supply, prices have remained strong, and even reduced production by downstream buyers has been unable to affect EDC prices.

Ethylene: In the first half of the year, due to the impact of inflation and uncertainty about future economic conditions, coupled with China's economic recovery not meeting expectations after reopening, overall downstream demand was weak, leading to a decline in demand for ethylene. Additionally, the prices of upstream raw materials such as naphtha and ethane were weak. Although light cracking plants successively underwent annual maintenance and production restrictions, it was still difficult to halt the global decline in ethylene prices, which even fell to over seven hundred dollars per ton.

### 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 2023, due to the implementation of the average land rights amendment, central bank interest rate hikes, and the presidential election, among other factors, the construction industry's prosperity was delayed. Furthermore, the government's continued credit control and hoarding tax measures led to an annual decrease in housing sales, which in turn affected the demand for building materials, tarpaulins, basic materials for daily living, and consumer products, leading to a sequential decrease. The PVC market saw an upturn in Q1, followed by a cooling of demand starting in Q2, with poor domestic demand in both China and the United States leading to a substantial amount of PVC powder being dumped on the export market, resulting in more international price declines than increases. Geopolitical tensions (the Russia-Ukraine conflict, the Israel-Hamas war, to the Red Sea incident) and extreme weather conditions (winter cold waves/summer and autumn reduction in Panama Canal water levels) exacerbated operational disruptions, leading to a reduction in revenue and profits.

In 2023, operations were centered on maintaining a balance between production and sales, strictly controlling upstream costs and inventory risks in response to changes in PVC powder market conditions. The sales strategy emphasized price and volume control, as well as the immediate grasp of market conditions, to expand high-priced orders.

## (III) Technology, Research and Development

1. Research and development investment for 2023: NT$72,928 thousand.
2. R&D expenses for 2024as of the publication date of the Annual Report: NT$17,851 thousand.
3. Successfully developed technologies or products.

(1) Successfully developed technologies
(1-1) Polymerization experiment of 30L PVC
(1-2) PVC resin moisture AI monitoring
(1-3) PVC Powder Color Difference Research and Analysis
(1-4) GRS Global Recycling System Certification
(2) Successfully developed products
(2-1) Marking line tape
(2-2) PVC wire harness tape
(2-3) Easy cut door edge tape
(2-4) High softening temperature car pedal pad
(2-5) Anti-virus door plate and rigid sheet
(2-6) TPO car center island/footrest pad
(2-7) Recycled TPE leather for end products
(2-8) POE fish-electric symbiotic pool cloth
(2-9) Marine soft leather
(2-10) CG-A Xinli Imitation Casting
(2-11) CG-A QC for Large Truck Seats and Interior Upholstery Leather
(2-12) Development of Soft Leather for Automotive Seats and Interiors, and Soft Leather for Furniture

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 | By the middle of 2024 | Equipment, formulas and process conditions |
| Sponge leather development for Casting-like furniture | 50% | 1,000 | Before the end of 2024 | Formulas and process conditions |
| Energy generation through residual hydrogen | 0% | 1,000 | Before the end of 2026 | Equipment and process conditions |
| TPO automotive foot mat scratch-resistant rubber cloth | 75% | 800 | By the middle of 2024 | Formulas and process conditions |
| Translucent leather/fabric products | 50% | 600 | By the middle of 2024 | Formulas and process conditions |
| Development of third-generation stain-resistant PVC leather | 25% | 500 | Before the end of 2024 | Formulas and process conditions |
| Development of cooling leather for motorcycle seats | 25% | 500 | Before the end of 2024 | Formulas and process conditions |
| Development of solvent-free PVC cloth paste | 50% | 500 | By the middle of 2024 | Equipment, formulas and process conditions |
| Solvent-free surface treatment leather for PVC/TPE | 50% | 500 | Before the end of 2024 | Equipment, formulas and process conditions |
| TPU headset cover tape development | 50% | 500 | By the middle of 2024 | 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 |
|---|---|---|---|---|
| TPO anti-static transparent film/sheet | 50% | 500 | By the middle of 2024 | Equipment, formulas and process conditions |
| CGA TPO ventilated flexible hose leather | 50% | 500 | By the middle of 2024 | Formulas and process conditions |
| PP equipment expansion protective cover rubber cloth | 75% | 500 | By the middle of 2024 | Formulas and process conditions |
| TPO fully recycled shoe leather | 50% | 500 | By the middle of 2024 | Formulas and process conditions |
| Bio-shell powder antibacterial and anti-mold leather development | 50% | 300 | Before the end of 2024 | Equipment, formulas and process conditions |
| Development of High Hydrolysis Resistant TPU Materials and Related Products | 25% | 300 | Before the end of 2024 | Formulas and process conditions |
| TPE leather products for car seats | 75% | 300 | By the middle of 2024 | Formulas and process conditions |
| Development of solvent-free TPE cloth paste | 75% | 300 | By the middle of 2024 | Equipment, formulas and process conditions |
| Silicone coating/laminating composite products | 25% | 300 | By the middle of 2024 | Materials, equipment and process conditions |
| Low-membrane rapidly gelatinized PVC resin | 50% | 300 | Before the end of 2024 | Equipment, formulas and process conditions |
| PVC dispersant countermeasure test | 50% | 300 | Before the end of 2024 | Formulas and process conditions |
| Marine soft leather development | 75% | 200 | Before the end of 2024 | Formulas and process conditions |
| Easy cut door edge tape | 100% | 0 | Before the end of 2023 | Formulas and process conditions |
| Marking line tape | 100% | 0 | Before the end of 2023 | Formulas and process conditions |
| High softening temperature car pedal pad | 100% | 0 | Before the end of 2023 | Formulas and process conditions |
| PVC wire harness tape | 100% | 0 | Before the end of 2023 | Formulas and process conditions |
| Development of special black cooling leather for marine seats | 100% | 0 | Before the end of 2023 | Formulas and process conditions |
| Anti-virus door plate and rigid sheet development | 100% | 0 | By the middle of 2023 | Formulas and process conditions |
| GRS Global Recycling System Certification | 100% | 0 | By the middle of 2023 | Formulas and process conditions |
| TPO car center island/footrest pad | 100% | 0 | By the middle of 2023 | Formulas and process conditions |
| POE fish-electric symbiotic pool cloth | 100% | 0 | By the middle of 2023 | Formulas and process conditions |
| Recycled TPE leather for end products | 100% | 0 | Before the end of 2023 | Formulas and process conditions |

## (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. Given the current market conditions are unclear, there is a greater need for frequent and flexible adjustments to production and sales planning to minimize losses and increase leverage during market downturns.

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 2024.

(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, 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) In 2023, the domestic economic environment remained subdued, characterized by a decrement in the operational rates of the electronics and traditional manufacturing sectors, attributed to diminish export demand. Concurrently, the quotations for liquid alkali in the Asian market experienced a sequential downturn, precipitated by an oversupply in China's production which necessitated a pivot towards exportation. Within the same period, both the price and quantity of domestically traded chemical products evidenced a regression relative to the figures recorded in 2022. In 2024, 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) Facing competition in both volume and price from imported products, the sales strategy for 45% liquid alkali has adopted a continuous reinforcement of relationships with core customers, maintaining price flexibility to ensure market share.

PVC processed products:

(1) Optimize the pipe product portfolio to increase the market share in the construction pipe sector and actively participate in the supply for public projects to enhance 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) Upgrade the FORBID anti-fouling agent by improving the formula to enhance anti-fouling effects, and develop water-based formulations and matte finishes to expand market demand.

(6) Stable operation in the North American agricultural machinery interiors and seat leather sector, with ongoing development of new products to compete for annual sole sourcing from major North American tractor seat manufacturers. Establish a modular product strategy to horizontally extend to new customer sources, thereby expanding sales performance. In addition to the original OEM truck market, further develop electric vehicle seats and interior leather to broaden the range of product applications.

(7) Upgrade the anti-mold formula for marine leather to comply with REACH requirements, with an anticipation of sales in the European market. Concurrently, undertake upgrades to the anti-UV formula for marine leather to meet the demands of the U.S. regulatory OEM marine leather market.

(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 sounder and more robust.

(9) Strengthen product greening and recycling for reuse, in compliance with the Global Recycled Standard (GRS), by continuing to optimize the upgrading of eco-friendly materials such as TPO and TPU. Primarily promote these in markets with a strong environmental consciousness, including furniture, marine, automotive and motorcycle applications, exhaust ducts, infant and toddler products, and footwear materials.

(10) Launch cooling leather, translucent leather, and anti-viral products, promoting them in markets such as furniture, interior decoration, marine applications, automotive/motorcycle applications, door panels, and footwear materials. Material innovation and environmental issues are expected to resonate in the market, enhancing brand and product application effects.

(11) Strengthen the management of the Asian rigid rubber cloth market to increase market share and improve gross margin, with performance expected to continue growing in 2024.

(12) Develop new distribution channels in the European and Indian automotive tape cloth markets, with an anticipated substantial increase in sales performance in 2024.

(13) With the elimination of pandemic-related factors, plan to participate in trade shows and continue utilizing e-commerce/internet platforms to capture market opportunities across various markets.

2. Long-term plans:

<u>VCM:</u>

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. Additionally, establish VCM storage tanks at intercontinental terminals to increase storage capacity, serving as a buffer against drastic market fluctuations.

PVC resin:

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

Chlor-alkali:

Fully utilize existing production capacity; the new hydrochloric acid furnace is beneficial for eliminating bottlenecks in production, improving product quality, laying the foundation for product upgrades, and stabilizing distribution channels to expand sales.

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) Continue to monitor changes in Middle Eastern geopolitics, competition between China and the United States, and the development of the Russia-Ukraine war. With expectations of inflation easing and economic recovery in the latter half of 2024, focus on the downstream shift in production bases and resulting trends in production and sales.

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

# II.Overview of Market, Production and Sales

## (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 6.5:0.7:92.8.

PVC resin:

For PVC resin, the ratio of domestic sales to exports to the Company's own use is 11 :81:8. 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 processed products:

(1) Construction products: Sales are mainly concentrated on domestic sales. The Company's domestic market share is approximately 18% for PVC pipes. The market share of PVC door panels is gradually increasing.

(2) Film/sheet: The ratio of domestic sales to exports is 53: 47 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, China, Vietnam, Bangladesh, and Southeast Asia.

(3) Leather: The ratio of domestic sales to exports is 35:65, while its market share in the domestic market is approximately 28%. These products are exported mainly to North America, Europe, Australia, Japan, China, Malaysia and India.

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

VCM:

At the beginning of 2023, with the lifting of pandemic restrictions in China, demand was expected to increase. However, scheduled and unscheduled shutdowns of VCM plants in the Asia-Pacific region intensified, leading to supply tightness and pushing spot prices higher. Nevertheless, by the end of Q1, the PVC market began to weaken, experiencing several months of consecutive declines. Weakening demand for VCM resulted in price slides. Facing cost pressures, several production plants reduced output, further tightening supply. Despite this, the purchasing atmosphere did not improve significantly, leading to fluctuating low prices for VCM.

PVC resin:

(1) The PVC market experienced price consolidation in 2023, with inventories in major markets remaining at high levels. Strong demand improvement is urgently needed to address this situation. At the beginning of 2024, the market hit bottom and rebounded, with expectations that India would lead in substantial replenishment, which would effectively push up transaction prices. This, in turn, would stimulate other markets to actively pursue purchases at higher prices.

(2) In 2024, the domestic market remained buoyant due to demand from public infrastructure projects and the ongoing renewal of Taiwan Power Company's cables, sustaining robust activity in the domestic industry. However, the downstream processing industry, primarily focused on exports, was suppressed by sluggish demand in the European and American markets and the dual impact of destocking and inventory clearance, which hindered the growth of the export industry. However, overall assessment suggests that domestic customers are expected to gradually recover in 2024, with sales volume projected to increase by 10-20% compared to 2023.

Chlor-alkali:

Domestic large-scale chemical users anticipate a gradual recovery in demand in 2024, with the potential for growth in demand from upstream industries such as semiconductor wafer and panel manufacturing in the electronics sector.

PVC processed products:

(1) Construction products: The government continues to curb speculation and house price rise by successively introducing credit measures to control real estate speculation in 2024. New public construction projects are being launched. The sales volume of building materials in 2024 is expected to remain steady.

(2) Film/sheet: Despite the elimination of pandemic-related factors in 2023 and the stabilization of shipping costs and raw material prices, the continued global high inflation and high inventory levels have compressed end-consumer demand. As manufacturers reduced production to adapt, the rapid decline in material demand has affected purchasing power.

Looking ahead to 2024, both domestic and international economies are expected to gradually recover throughout the year. The product portfolio will focus on maintaining existing niche products while promoting high-value-added products. Based on the stable customer base and long-term good cooperation of our company in both domestic and international markets, we spare no effort in developing new products and exploring new markets.

With performance steadily improving, we anticipate that sales volume will gradually stabilize.

(3) Leather:

Looking ahead to 2024, we anticipate continued expansion in domestic sales, particularly in custom products for automotive and motorcycle brands. Additionally, we will strengthen indirect export channels and promote the application of functional new products across various industries. For exports, we will continue to maintain stable operations in the US market, despite competition from lower-priced products from Vietnam, India, Mexico, and China. Through the execution of measures such as new product development, increasing product portfolio, and exploring new markets by our production and sales teams, we anticipate an increase in sales volume in 2024.

3. Competitive Niches

VCM:

The Company is committed to improving process equipment to stabilize production and maximize capacity. By sourcing competitive raw materials and enhancing production efficiency to reduce costs, we aim to expand the overall profit of the industry chain.

Adhering to the spirit of vertical integration in the Vinyl Chain, we fully support the maximization of production and sales for the VCM/PVC/processed products series. With our production capacity fully utilized, we strive to minimize operating costs and maintain stability in the face of challenges, while patiently awaiting opportunities to create profits.

PVC resin:

Stable and suitable quality, fast and accurate delivery, full understanding of 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 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, RoHS, and GRS to provide a favorable basis for export markets.

4. Favorable and unfavorable factors affecting the Company's development prospects and corresponding countermeasures.

<u>VCM:</u>

- 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, supporting measures and grace periods were below expectations, thereby limiting the transformation and development of the petrochemical industry.
  (2) The international situation is unpredictable, impacting the transportation and prices of raw materials. The Russia-Ukraine war may lead to increased costs and a surge in newly added production capacity, resulting in supply exceeding demand and causing imbalance in the market.
  (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 Company is enhancing its storage capacity for EDC and VCM while carefully managing inventory levels. We are strategically identifying

optimal entry points in the market for procurement and leveraging our vertical integration advantage to maximize overall profitability.

PVC resin:

- Favorable Factors:
  (1) 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.
  (2) Vertical integration for VCM, PVC resin, and secondary processed products.
  (3) Strengthen customer relations and services.
  (4) The Company continues to achieve breakthroughs in production and sales to effectively reduce production costs.
  (5) The Company has embarked on a series of production equipment upgrades, including polymerization tanks and other multifaceted updates. These equipment projects are already underway. The anticipated benefits include an increase in production capacity, enhancement of product quality, reduction in energy consumption, and an expanded capability to produce special types of powder. Each of these advantages is expected to further strengthen the Company's competitive edge.
- Unfavorable Factors:
  (1) The U.S. Supply is sustaining, 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) At the beginning of 2023, the international PVC market began to rise, accelerating the operational rate of Chinese PVC powder factories. These factories seized the opportunity to export at low prices in a bid to compete for orders, thereby disrupting market order.
  (3) Taiwan and the main PVC consumer countries have not signed the FTA. Compared to 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) The Company actively seeks to meet the downstream processing material needs of markets in Southeast Asia, India, Bangladesh, South America, and others, aiming to establish stable cooperative relationships.
  (2) The demand for PVC powder in India and Bangladesh is growing rapidly. By actively utilizing channels through agents and traders, the Company is deeply cultivating its customer base and expanding its source of orders.

(3) The completed or pending applications include ISO 14001 environmental management system certification, SGS 2021 greenhouse gas testing declaration, carbon footprint certification.
(4) Seeking long-term support from key customers in each region.
(5) Enhance product quality, develop distinctive products, and differentiate market marketing.
(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 increased production volume of potassium sulfate plants.
  (2) The domestic caustic soda market faces competition from China imports, with price pressures eroding profits.
- 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) The environmentally friendly materials have obtained Global Recycle Standard (GRS) certification; 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) The continuous research and development and promotion of environmentally friendly materials contribute to enhancing product differentiation and market promotion. In 2024, plans are underway to launch new product promotions in the Americas for the furniture and ship interior markets, with an expectation of increased profits and performance in the American market.

(10) Apply surface resin processing technologies and expand applications to PVC leather, film/sheet and other products. The Company is expected to increase sales volume in the agricultural machinery internal furnishing market and seats 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 America are becoming increasingly stringent. In North America, there are restrictions on the addition of flame retardants to furniture leather, necessitating adjustments to product formulations and the reorganization of sales regions.

(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 (for example, R-PVB).

(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 research and develop environmentally friendly materials and high added-value products. Establish and obtain the Global Recycle Standard (GRS) certification for environmentally friendly materials to enhance 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. Building VOC treatment equipment to meet regulatory requirements and significantly improve product competitiveness.

(5) Actively developing new products and applying for patents for inventions or new types of patents.
(6) Developing business opportunities in emerging markets and launching new products to capture market share.
(7) 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.
(8) Cooperating with U.S. professional channels of OEM automotive leather and leveraging their profession to accelerate market entry into the automobile industry supply chain.
(9) Establishing strategic alliances with domestic and overseas brands, as well as developing and promoting new materials.
(10) 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, tablecloths, 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. 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.

## (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 a 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 a 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

| | 2022 | | | | 2023 | | | | Q12024 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Item | Name (Note 1) | Amount | Ratio to the net purchases of goods [%] | Relationship with the Issuer | Name (Note 1) | Amount | Ratio to the net purchases of goods [%] | Relationship 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 | 1,343,408 | 10.80% | None | Company A | 1,314,704 | 16.69% | None | Company A | 201,816 | 10.85% | None |
| 2 | Company B | 0 | 0% | None | Company B | 1,107,660 | 14.06% | None | Company B | 417,590 | 22.45% | None |
| 3 | Company C | 1,814,860 | 14.60% | None | Company C | 995,374 | 12.63% | None | Company C | 408,960 | 21.99% | None |
| 4 | Company D | 1,469,174 | 11.82% | None | Company D | 872,122 | 11.07% | None | Company D | 195,633 | 10.52% | None |
| 5 | Company E | 4,174,840 | 33.58% | None | Company E | 0 | 0% | None | Company E | 0 | 0% | None |
| 6 | Others | 3,631,341 | 29.20% | (Note 3) | Others | 3,589,668 | 45.55% | (Note 3) | Others | 635,964 | 34.19% | (Note 3) |
| | Net Purchases | 12,433,623 | 100% | | Net Purchases | 7,879,528 | 100% | | Net Purchases | 1,859,963 | 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: 2022: 9.17%; 2023: 10.42%; First quarter of 2024: 3.39%.

*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(Note 1):

Unit: NT$ thousand

| | 2022 | | | | 2023 | | | | Q1 2024 (Note 2) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Item | with the Issuer (Note 1) | Amount | Ratio to annual net sales of goods (%) | Relationship with the Issuer | with the Issuer (Note 1) | Amount | Ratio to annual net sales (%) | Relationship with the Issuer | with the Issuer (Note 1) | Amount | Ratio to net sales in the year up to the first quarter (%) | Relationship with the Issuer |
| 1 | Less than 10% of customers | | | | Less than 10% of customers | | | | Company A | 330,000 | 11.36% | None |
| 2 | | | | | | | | | Others | 2,574,775 | 88.64% | Note 3 |
| | | | | | | | | | Net sales | 2,904,775 | 100% | |

Note 1: Listed the name of the customers and the gross sales amount and ratio for those that take up more than 10% of the total sales amount in the most recent two years. However, for customers whose name are not permitted to be disclosed due to contract or the counterparts is an individual who is not an interested party, a code may be used.

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 customers account for more than ten (10) percent of the total sales of goods. Proportion of sales to related parties: first quarter of 2024: 0.10%.

## (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
All remaining measurements are in metric tons. Production value: NT$ thousands

| Year of production / Volume Value / Main product | | 2022 | | | 2023 | | |
|---|---|---|---|---|---|---|---|
| | | Production Capacity | Production Volume | Production Value | Production Capacity | Production Volume | Production Value |
| PVC resin, PVC compounds, and Chlor-alkali | | 531,375 | 460,570 | 13,586,197 | 525,025 | 450,819 | 10,375,233 |
| Vinyl chloride monomer | | 485,000 | 417,159 | 12,074,965 | 485,000 | 425,825 | 8,182,687 |
| PVC film/sheet | | 72,660 | 24,178 | 1,467,415 | 57,660 | 19,587 | 1,090,120 |
| PVC Construction products | | 26,700 | 19,734 | 795,298 | 26,700 | 19,746 | 703,560 |
| PVC leather | | 8,600 | 4,792 | 480,230 | 8,600 | 5,130 | 529,158 |
| Others | | 0 | 8,575 | 92,403 | 0 | 8,860 | 71,572 |
| Total | Tons | 1,115,735 | 930,216 | 28,496,508 | 1,094,385 | 924,837 | 20,952,330 |
| | Thousand meters | 8,600 | 4,792 | | 8,600 | 5,130 | |

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
All remaining measurements are in metric tons. Sales value: NT$ thousands

| Sales year / Volume Value / Main product | | 2022 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Domestic Sales | | External sales | | Domestic Sales | | External sales | |
| | | Volume | Value | Volume | Value | Volume | Value | Volume | Value |
| PVC resin, PVC compounds, and Chlor-alkali | | 107,167 | 2,680,976 | 306,797 | 10,430,961 | 95,235 | 1,975,828 | 314,559 | 8,006,374 |
| Vinyl chloride monomer | | 31,600 | 905,735 | 0 | 0 | 27,000 | 595,278 | 3,001 | 72,644 |
| PVC film/sheet | | 11,881 | 797,685 | 11,128 | 809,894 | 10,662 | 643,211 | 9,507 | 621,360 |
| PVC Construction products | | 19,678 | 933,973 | 0 | 0 | 19,056 | 836,596 | 0 | 0 |
| PVC leather | | 1,829 | 220,379 | 4,131 | 774,396 | 1,810 | 222,736 | 3,526 | 672,507 |
| Others | | 7,885 | 83,480 | 0 | 0 | 8,226 | 60,771 | 0 | 0 |
| Total | Tons | 178,211 | 5,622,228 | 317,925 | 12,015,251 | 160,179 | 4,334,420 | 327,067 | 9,372,885 |
| | Thousand meters | 1,829 | | 4,131 | | 1,810 | | 3,526 | |

# III.Information Regarding Employees

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

| Year | | 2022 | 2023 | March 31, 2024 |
|---|---|---|---|---|
| Number of Employees | Staff | 351 | 345 | 344 |
| | Workers | 561 | 541 | 518 |
| | Total | 912 | 886 | 862 |
| Average Age | | 46 | 46 | 46 |
| Average years of services | | 18 | 18 | 18 |
| Percentage Distribution of Academic Qualifications | Doctorate/Master's | 11% | 13% | 13% |
| | Bachelor's | 33% | 33% | 33% |
| | Junior College | 13% | 12% | 12% |
| | Senior high school | 21% | 20% | 20% |
| | Below senior high school | 1% | 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:

March 31, 2024

| Date of disciplinary action/Document No. | Regulation Violated | Disciplinary Amount (NT$ thousand) | Facts violated | Improvement Measures |
|---|---|---|---|---|
| 2023/05/31 Environmental Protection Bureau of Kaohsiung, Air Pollution Control Division Document No. 20-2023-050026 | Air Pollution Control Act Article 20, Paragraph 1 | 225 | The VOC components of the ethylene measurement station equipment exceeded the standard. (VOC detection concentration: 14,140ppm) | Update detection methods and strengthen self-inspection. (The detection method at this site has been revised to use an extension rod for testing) |
| 2023/07/17 Environmental Protection Bureau of Kaohsiung, Waste Management Division Document No. 40-2023-070013 | Waste Disposal Act Article 31, Paragraph 1, Subparagraph 1 | 6 | Empty barrels and waste filter bags of peroxide polymerization initiators were not reported in the waste disposal plan | Application to amend the waste disposal plan |
| 2023/07/17 Environmental Protection Bureau of Kaohsiung, Waste Management Division Document No. 40-2023-070014 | Waste Disposal Act Article 32, Paragraph 1, Subparagraph 2 | 6 | Empty barrels and waste filter bags of peroxide polymerization initiators were not reported for output and storage conditions | Application to amend the waste disposal plan and report according to the law |
| 2023/08/31 Environmental Protection Bureau of Kaohsiung, Air Pollution Control Division Document No. 20-2023-080018 | Air Pollution Control Act Article 24, Paragraph 2 | 100 | The baghouse filter (A102) showed a pressure drop of 0.3KPa during operation (operational permit condition 0.5~2KPa), not operating according to the permit content. | Application for a change in the stationary pollution source operation permit |

| Date of disciplinary action/Document No. | Regulation Violated | Disciplinary Amount (NT$ thousand) | Facts violated | Improvement Measures |
|---|---|---|---|---|
| 2023/11/08 Environmental Protection Bureau of Kaohsiung, Toxic Chemicals Management Division Document No. 34-2023-100003 | Management Regulations for Emergency Response Equipment and Detection Alarm Devices for Toxic and Concerned Chemical Substances Article 12, Paragraph 2 | 100 | The fixed VCM detector in the plant was not calibrated using the standard gas of less than 10 times the converted TWA concentration as required. | Starting from the fourth quarter of 2023, calibration vendors are required to follow regulations and use standard gas of less than 10 times the converted TWA concentration for calibration. |
| 2023/12/12 Environmental Protection Bureau of Kaohsiung, Waste Management Division Document No. 41-2023-120314 | Waste Disposal Act Article 27, Subparagraph 11 | 1.2 | Water accumulation in containers (garbage bins) was not properly disposed of and cleared, leading to the breeding of vector mosquito larvae. | Immediate cleaning has been completed. |

## (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 | 2024 | Amount |
|---|---|---|
| Item | 1. Operating and maintenance charges for waste gas 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 | 4,000 |
| | 6. Pressure container inspection fees | 500 |
| | 7. Noise improvement | 400 |
| Expected expenditures | | 126,900 |

### (III) In response to the Restriction of Hazardous Substances (RoHS) prescribed the in 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' salaries also include performance bonuses, year-end bonus, etc.

The Company makes annual salary adjustments according to profitability. The average employee pay rise for 2023was about 3.03%. Employee remuneration shall not be less than one percent of the distributable profit for the fiscal year. On March 5, 2024, the board of directors approved the proposed distribution of employee remuneration for the fiscal year 2023, amounting to NT$3,130 thousand.

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 their 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 funds 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 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 6,725 participants took part in training programs in 2023, and training fees totaled NT$2,581 thousand.

| Training Name | Training Participant | | Training Name | Training Participant |
|---|---|---|---|---|
| GRI Standards Certification Training | ESG Responsible Personnel | | Specific Chemical Supervisor Training | Operation Supervisor |
| Chemical Plant Operation Engineer Training Program | Relevant Staff Members | | Safety and Health Training for Dust Operation Supervisors | Operation Supervisor |
| Annual Hazard Information and Operation Safety Promotion and Joint Agreement Organization Announcement Meeting | Relevant Staff Members | | Pure Water Manufacturing Operation Education and Training | Utility Section Staff |
| Fire Command Officer Skills Training #1-4 | Relevant Staff Members | | Safety and Health Re-training for Supervisors of Anoxic Operations | Relevant Staff Members |
| Real Fire Extinguishing Skills Training Course #1-4 | Relevant Staff Members | | Energy Management Personnel Training | Relevant Staff Members |
| Corporate Sustainability Elite Training Class-Advanced Class | ESG Responsible Personnel | | Standardization of Piping Engineering Specifications and Common Measurement Issues | Relevant Staff Members |
| Emergency Response Drills | On-Site Colleagues | | Special Safety and Health Education Training for Aerial Work Platform Operators | Aerial Work Platform Operators |
| Employee Code of Conduct Test | Relevant Staff Members | | Operation Instructions for High-speed Lathe | Relevant Staff Members |
| Health Promotion - Weight Reduction Activity | General Colleagues | | High-Pressure Gas Specific Equipment Operator Training Course | Specific Equipment Operators |
| Net-Zero Emission Enterprise Transformation Technology Foundation Course | Relevant Staff Members | | High-Pressure Gas Manufacturing Safety Officer Education Training | Operation Supervisor |
| Labor Health Services Professional Knowledge and Practical Experience Sharing Session | Nursing Personnel | | High Voltage Electrical System Equipment Operation Instruction | Relevant Staff Members |
| Group Plant Technical Case Presentation Conference | Relevant Staff Members | | Health Risk Evaluator | Responsible Personnel |
| Presentation Skills Practical Workshop | Relevant Staff Members | | International Vibration Analyst Level II Training and Certification Course | Equipment inspectors |
| Occupational Health Professional Competency On-the-Job Education Training | Relevant Staff Members | | Basic Machine Learning and Data Analysis Applications in Chemical Engineering | AI Group |
| 69KV Insulator Damage and Power Failure Emergency Plant Shutdown and Emergency Response Training | Relevant Staff Members | | Basic Catalyst Workshop | Relevant Staff Members |
| API 510 Pressure Vessel Certified Inspector Training | Relevant Staff Members | | ESG New Trends - Energy Saving, Green Energy, and Self Capability | Relevant Staff Members |
| Discussion on EDC and Excessive Water Issues After Shutting Down and Restarting the Vinyl Chloride Column C-6203 / Familiarization with Factory Raw Materials, Auxiliary Materials, Finished Products, Physical Properties, Work Permit Signing Operations, and Personal Protective Equipment Use Training | Relevant Staff Members | | Simplifying Complex Data Thinking Course | Relevant Staff Members |
| CPR + Automated External Defibrillator Seed Instructor Education Training | Relevant Staff Members | | Common Infectious Diseases and Vaccine Recommendations | General Colleagues |
| DCS Panel Control Principle and Operation Training | Relevant Staff Members | | Emotional Management and Stress Relief | General Staff |
| Dow Chemical’s Layer of Protection Analysis (LOPA) Practical Seminar Course Part 1-2 | Relevant Staff Members | | International Trends in Net-Zero Carbon Emissions and the Chemical Industry's Green Transformation | Relevant Staff Members |
| GC & GC/MS Gas Chromatography-Mass Spectrometry Basic Principles and Maintenance | Inspection Section Staff | | Electrical Isolation and Transfer Operations Drill | Relevant Staff Members |
| GRS Guidance | Designated Colleagues | | On-Site Remediation Work Instruction | Relevant Staff Members |
| ISO 14001:2015 Environmental Management System Clauses and Internal Auditor Training Course | Internal Audit Personnel | | Product Quality Control | Leather II Section Staff |

| Training Name | Training Participant | | Training Name | Training Participant |
|---|---|---|---|---|
| ISO 14064:2018 Greenhouse Gas Inventories Lead Verifier Training | ISO 14064 Internal Auditors | | Product Carbon Footprint Education and Training | Relevant Staff Members |
| ISO 45001:2018 Occupational Health and Safety Management System Clauses and Internal Auditor Training Course | Internal Audit Personnel | | Operation Instructions for Portable Electric Welding Machine with Power Generator | Relevant Staff Members |
| ISO 9001:2015 Quality Management System Clauses and Internal Auditor Training Course | Internal Audit Personnel | | Safety Guidelines for Mobile Loading Platforms | Processing, Storage, and Transportation Section Staff |
| ISO 9001 Measuring Instrument Calibration and Management Practice | Internal Audit Personnel | | Training Course for Operators of Type I Pressure Vessels | Type I Pressure Vessel Operators |
| PLC Programmable Logic Controller Teaching Simulation Practical | Designated Personnel | | Machine Quality Control | Leather II Section Staff |
| PSM/PSSR Education and Training | Engineering Department Staff | | Equipment Safety and Instrumentation Monitoring Practical Training | Relevant Staff Members |
| TAF Certified Testing Standards (Complete) and Re-training on Finished Product Inspection, Instruments, Test Reagents, and Calibration | Inspection Section Staff | | Latest ESG Sustainability and Self-Compiled Financial Reporting Related Policy Developments and Internal Control Management Practices | Audit Representatives |
| US-VIS Visible Light Spectrophotometer Training | Quality Inspection Section Staff | | Site Field Instruction: Waste Cooking Oil Recycling and Drilling Machine Series 1 - Application Introduction and Operation | Relevant Staff Members |
| General Safety and Health Education Training and Specific Chemical Substances Education Training | Relevant Staff Members | | Intelligent Petrochemical Lectures | Relevant Staff Members |
| Acetylene Fusion Operators Training | Relevant Staff Members | | Equipment Emergency Response Training/VCM Plant Process Overview | Relevant Staff Members |
| Class B Boiler Operator Safety and Health Education Training Course | Class B Boiler Operators | | Introduction to Plastic Weathering Additives | Processing Technology Section Staff |
| Class B Occupational Safety and Health Manager Pre-Examination Class | Safety and Health Managers | | New Product Introduction | Processing Technology Section Staff |
| Women's Health Lecture | Female Colleagues | | New Hydrochloric Acid Furnace Education Training | Alkali-Chlorine Section Staff |
| Work Safety Incident Case Study Promotion and Prevention Education Training | Hard Tubes Section Staff | | Business Market Expansion and New Market Development | Sales Staff |
| Work Instruction and Subordinate Development | Supervisors at Section Chief Level and Above | | How Directors Supervise the Company in Enterprise Risk Management and Crisis Handling (Board Members) | Relevant Staff Members |
| Industrial Facility Insulation Carbon Reduction and Anti-Corrosion Seminar | Engineering Department Personnel | | Insider Trading and Gender Equality Legislation Promotion | Relevant Staff Members |
| Chinese Communist Political Economy, International Situations, and Cross-Strait Relations (Board Members) | Relevant Staff Members | | Legal Awareness and Responses in the Age of Intelligence | Relevant Staff Members |
| Chemical System Interface Operation and Usage Instructions | System Users | | Cybersecurity Awareness: Stop, Look, and Listen | Relevant Staff Members |
| Tianxia Innovation Academy | Relevant Staff Members | | Internet Copyright and Legal Use of Software | General Colleagues |
| Natural Gas Boiler Operation Education Training | Utility Section Staff | | Prevention of Workplace Abuse | General Colleagues |
| Document Handling - CMMS and ERP Usage | Relevant Staff Members | | Introduction and Case Analysis of Trade Secrets Act | General Colleagues |
| Promoting Corporate Sustainability through Risk Management | Audit Representatives | | Electric Forklifts Education Training | Relevant Staff Members |
| Class A Air Pollution Control Specialists Training | Responsible Personnel | | Introduction to Common Functions in Computer Document Processing | Processing Technology Section Staff |
| Class A Toxic and Concerned Chemicals Professional Technical Management Personnel Training | Relevant Staff Members | | Laboratory Equipment Operation Overview | Processing Technology Section Staff |
| Class A Occupational Safety and Health Business Supervisor Safety and Health Education Training | Safety and Health Business Managers | | Training for Laboratory Certification Standard ISO/IEC 17025 | Relevant Staff Members |
| Objectives Management and Performance Evaluation | Supervisors at Section Chief Level and Above | | Green Factory Capability Building Guidance | Designated Colleagues |

| Training Name | Training Participant | | Training Name | Training Participant |
|---|---|---|---|---|
| Petrochemical Disaster Response Training Course | Designated Personnel | | Corrosion Mechanisms API 571 Training | Relevant Staff Members |
| Corporate Disaster Prevention Education Training | Industrial Safety Office Personnel | | Process Safety Management (PSM) Training | Relevant Staff Members |
| Common Issues in Corporate Finance and Taxation Analysis | Relevant Staff Members | | Inspection and Certification Comparisons and Practice Training 1~4 | Inspection Section personnel |
| Crane Operator Training for Fixed Cranes Lifting Loads Over Three Metric Tons | Fixed Crane Operators | | Mechanical and Instrumentation Maintenance Training | PVC Sheet Maintenance Section Personnel |
| Safety Valve Testing and Equipment Pressure Testing Training Course | Related Operation Personnel | | Instrument Calibration and Quality Training | Quality Inspection Section Staff |
| Safety and Health Training for Organic Solvent Operation Supervisors | Organic Solvent Operation Supervisors | | Offsite Long-Distance Pipeline Maintenance and Operation Procedures | Relevant Staff Members |
| Automatic Packaging and Conveying Machinery Education Training | Raw Material Storage and Transportation Section Staff | | Waste Management Technical Personnel Onboarding Training | Professional Technical Personnel |
| Safety Precautions for Automated Storage Equipment Operations | Raw Material Storage and Transportation Section Staff | | Familiarization with Factory Raw Materials, Auxiliary Materials, Finished Products, and Physical Properties | Relevant Staff Members |
| Self-Defense Firefighting Group Training and Civil Defense Corps Training | Firefighting Group Staff | | PVC Film/Sheet Inspection Operations | PVC Film/Sheet Technical Inspection Section Staff |
| Technical Level Toxic and Concerned Chemicals Emergency Response Personnel Initial Training | Relevant Staff Members | | Introduction of Raw Materials for PVC Sheets - Additives and Blue Colorants | PVC Film/Sheet Technical Inspection Section Staff |
| Initial and Re-training for Fire Prevention Managers | Relevant Staff Members | | PVC Sheet Machine Principles and Practical Operation | PVC Sheet Factory Staff |
| Typhoon Preparedness Exercise | Relevant Staff Members | | Remediation Site Current Situation and Work Discussion / Defensive Driving Training | Relevant Staff Members |
| Clerical Staff Training | Relevant Staff Members | | Radiation Protection Lecture (Continuing Education) | Radiation Equipment Operators |
| Crane Operators Engaged in Rigging Operations | Crane Operators | | Environmental Testing Laboratory Competency Requirements | Relevant Staff Members |
| Sexual Harassment Prevention | Relevant Staff Members | | Performance Management Interviews | Relevant Staff Members |
| Security Inspector Training | Security Inspectors | | Workplace Etiquette | Relevant Staff Members |
| Southern Elite Fair Trade Law and Case Study Camp | Relevant Staff Members | | Occupational Health Nursing Personnel First Aid Re-Certification Course | Relevant Staff Members |
| Customer Differentiation Discussion and Product Requirements and Applications | Leather Technical Inspection Section Staff | | Win-Win Interpersonal Interactions - Smooth Interpersonal Relationships | Relevant Staff Members |
| First Responder Safety and Health Training | First Aid Team Members | | Introduction to Centrifugal Pumps | Relevant Staff Members |
| Command Level Toxic and Concerned Chemicals Emergency Response Personnel Initial Training | Relevant Staff Members | | Centrifuges and Spray Drying Education Training | Relevant Staff Members |
| Activated Carbon Bed VOC Treatment Equipment Operation and Maintenance | Leather II Section Staff | | Security Guard Training | Relevant Staff Members |
| Process Improvement Innovation | General Staff | | Portable Multifunction Planner Operation Training | Instrumentation and Electrical Section Staff |
| Fan Basics, Energy Saving, and Noise Case Planning | Engineering Department Staff | | Hearing Protection and Health Promotion Education Training | Noise Area Workers |
| Raw Material/Material Inspection, Test Development and Rubber Inspection Re-training | Inspection Section Staff | | Change Management and PSSR Association Training | Relevant Staff Members |
| Time Management | General Staff | | Alkali Chlorine Section GHP Process Education Training | Alkali-Chlorine 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 | Relevant Study Certifications |
|---|---|---|
| Accounting Division | Kuo, Chien-Chou | Continuing Training Class for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges, Accounting Research and Development Foundation (2023/12/21~2023/12/26) |
| 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 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 2023:

(2-1) Work Safety Permit Revision

(2-2) Safety Helmet Implementation Planning

(2-3) Environmental, Safety, and Health Incident Reporting Principles and Regulations

(2-4) Work Environment Monitoring, Assessment, Review, and Planning Meeting

(2-5) Hearing Protection and Health Promotion Education Training

(2-6) 2023 Health Promotion - Weight Reduction Activity

(2-7) Commissioned by the Ministry of the Interior's National Fire Agency Training Center to Conduct Petrochemical Disaster Response Training

(2-8) Forward Motion Warning Sound Reminder for Electric Forklifts

(2-9) When there are changes in the Company's organization, tasks, and positions, including new hires and personnel transfers, each unit supervisor is required to identify the license and certification requirements for the unit or personnel involved. They must then complete and submit an Environmental and Safety Certification Registration Form. Based on the registration forms submitted by each unit, the information will be systematically entered into the Certification Management Platform to ensure compliance and readiness across the Company.
The information will be configured in the Certification Management Platform.

(2-10) Discussion on the requirement for contractor-employed workers to possess labor insurance qualifications.

(2-11) Amendments to the Fire Services Act.

(2-12) Chemical System Interface Operation and Usage Instructions

(2-13) Awareness promotion regarding the explosion at the Launch Technologies Pingtung Plant.

(2-14) Response measures related to solar power generation facilities.

(2-15) The Occupational Safety and Health Administration has tasked the Safety and Health Technology Center and consultants with on-site guidance.

(2-16) USI Group's zero-tolerance policy on workplace safety.

(2-17) Green Factory tour.

(2-18) Signing ceremony for the No Betel Nut initiative in 2023.

(2-19) Article 19-1 of the Fire Services Act stipulates that in the event of a fire, explosion, public danger from hazardous materials, or leakage of combustible high-pressure gases, the person with managerial authority must immediately report the incident in accordance with the objectives, methods, and contents prescribed and announced by the central competent authority.

(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 361 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 820 items were inspected by on-site supervisors in 2023.

(4.2) The rate of improvement of defects found in environmental safety and health inspections in 2023: Deficiencies: 978 items; improvements: 929 items; improvement rate: 95%.

(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 and Communication Security Management

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

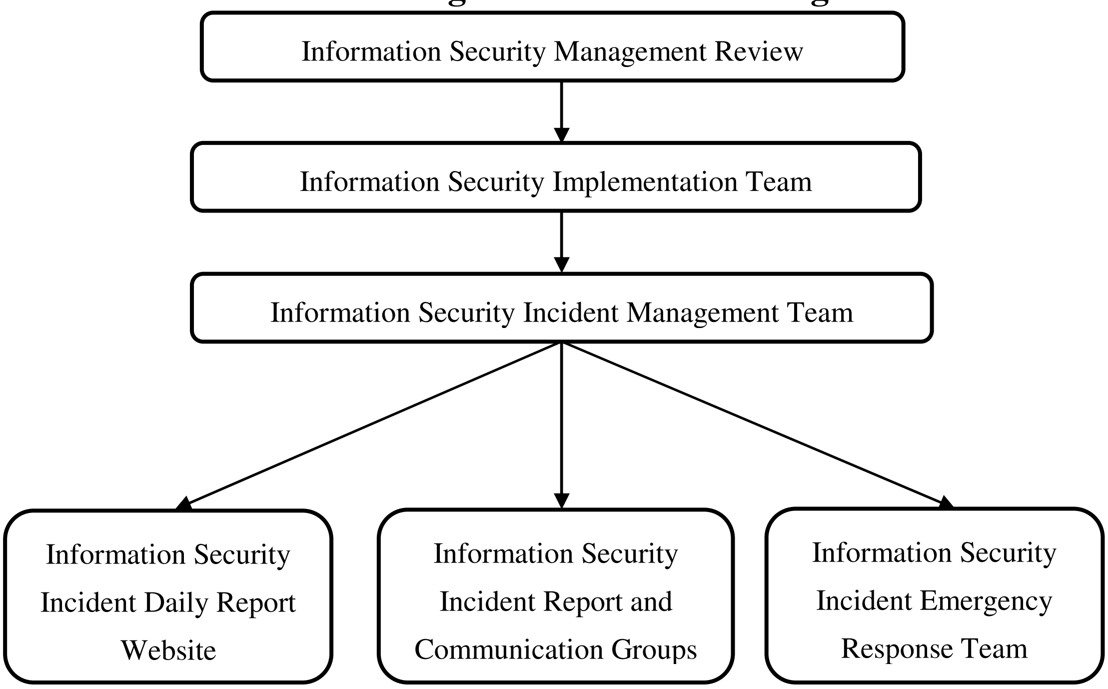
Please describe the risk management framework for information and communications security, information and communication security policies, specific management plans, and resources devoted to information and communication security management (e.g., total number of staff, number of relevant meetings held,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

### 1. 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.

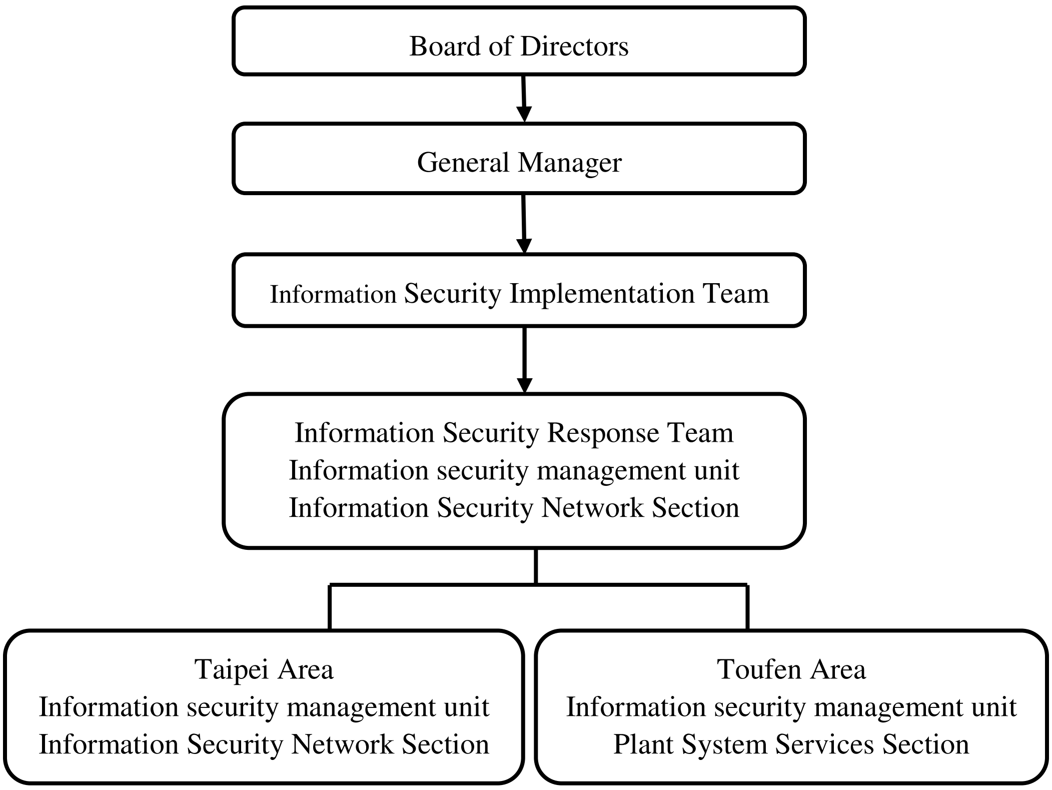
**Organizational Structure of Information Security Management Review Meeting**



(2) Information and Communication Security Organization Framework:

In accordance with the Company's internal standard operating procedures titled Information Security Implementation Organization Regulations, an Information Security Implementation Team is established to oversee the operation of internal information security management. This includes clearly defining the roles and responsibilities of each promotional organization involved. Annual meetings are convened regularly once per year. Should there be a significant information security incident, the Company may convene a meeting immediately. The Director of the Group's Information Technology Department serves as the convener of the Information Security Implementation Team, responsible for organizing meetings, deliberating on, and arbitrating meeting decisions. 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 Implementation 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.

2. Information Security Policy:

(1) Information Security Management Policies and Frameworks:

(1.1)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 9 consecutive years (at present, the certificate is valid from July 4, 2023 to October 31, 2025).

(1.2)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:

(3.1) 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 8 consecutive years.

(3.2) 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.

(3.3) 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.

(3.4) Critical Servers: Deploy Crowd Strike endpoint detection software that utilizes non-signature-based artificial intelligence (AI) and machine learning (ML) models to instantly analyze potential attack behaviors, thereby mitigating both known and unknown threats.

(3.5) Email: Adopt the Microsoft Office 365 solution, supplemented with Advanced Threat Protection (ATP) services, to enhance the capability to defend against unknown malicious software links and phishing emails. By migrating email servers to the cloud and progressively reducing the number of Active Directory (AD) and Domain Controller (DC) servers, the potential attack surface is minimized.

(3.6) Office Equipment (IT): Utilize Trend Micro antivirus software to detect abnormal network usage behaviors. For example: Monitor user computer logins to the Active Directory (AD) servers and internet usage behaviors, enabling immediate blocking of attacks.

(3.7) 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.

(3.8) Social Engineering Drills: At least twice a year, the Company contracts external professional information security consulting firms to conduct social engineering drills. This practice aims to enhance employee awareness regarding information security, thus protecting data integrity and preventing unauthorized access, alterations, and theft.

(4) Resources devoted to information and communication security management:

Information security has become a critical issue for the Company's operations. The corresponding management measures and resource allocation plans are as follows:

(4.1) Dedicated Personnel: The Company has established a dedicated corporate organization, the Information Security Network Section. This section is responsible for planning, technical implementation, and auditing of information security measures to ensure continuous enhancement and protection of information security.

(4.2) Certification: The Company has successfully passed the ISO 27001 information security certification for nine consecutive years without any significant deficiencies noted during security audits.

(4.3) Customer Satisfaction: There have been no significant information security incidents, nor have there been any complaints related to the loss of customer data.

(4.4) Education and Training: All IT personnel have completed two annual information security training sessions and assessments. All employees participate in two annual social engineering phishing drills, totaling 756 participant instances.

(4.5) Information Security Investment: The total investment in information security measures amounted to approximately NT$2,543 thousand.

(4.6) Information Security Announcements: 9 information security bulletins were issued.

## (II) Major Information and Communication Security Incidents

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.

## (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 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) Strengthening Control of External Devices on Industrial Control Systems: Access to USB devices is restricted to prevent data leaks and mitigate attacks from external information security threats, thereby safeguarding the production line from disruptions.

(5) External Storage Media Health Checks: Comprehensive inspections of external storage media are conducted to reduce the risk of data loss and hidden information security threats. This includes routine virus scanning, checking, and inventorying of all external devices.

(6) 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.

(7) Enhanced Personnel Information Security Management: To prevent incidents such as hacking intrusions or data breaches, IT personnel are required to undergo at least four hours of information and communications security education training annually. Additionally, by sharing the latest in information security knowledge, the Company aims to elevate employees' awareness of information security.

# VII.Important Contracts

| 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 | 2023/01/01 ~ 2023/12/31 | 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 | Mitsubishi Corporation | 2023/01/01 ~ 2023/12/31 | Taiwan VCM Corporation and Mitsubishi Corporation 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 | 2023/01/01 ~ 2023/12/31 | Taiwan VCM Corporation and CPC Corporation signed a contract for the purchase of ethylene. The price is agreed upon by both parties. | None |
| Medium-Term Loan 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 loan 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 Loan Limit Contract | Taipei Fubon Bank | 2022/10/11 ~ 2025/09/12 | CGPC and Taipei Fubon Bank signed a three-year medium-term loan limit contract of NT$200 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 Loan Consolidation Contract | Yuanta Bank | 2023/05/05 ~ 2026/05/05 | CGPC and Yuanta Bank signed a three-year medium-term comprehensive loan 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%. |

| Nature of contract | Principal | Contract Start/End Date | Main Content | Restrictive Provisions |
|---|---|---|---|---|
| Medium-Term Loan Limit Contract | Entie Commercial Bank | 2023/05/29 ~ 2026/05/29 | CGPC and Entie Commercial Bank signed a three-year medium-term loan limit contract of NT$200 million, as a revolving credit facility. | None |
| Medium-Term Loan Limit Contract | The Export-Import Bank of ROC | 2023/07/17 ~ 2026/07/17 | CGPC and The Export-Import Bank of ROC signed a three-year medium-term loan limit contract for the amount of NT$300 million. | None |
| Medium-Term Loan Limit Contract | Chang Hwa Bank | 2023/10/13 ~ 2026/10/13 | CGPC and Chang Hwa Bank signed a three-year medium-term loan limit contract of NT$500 million, as a revolving credit facility. | None |
| Medium-Term Loan Limit Contract | Chang Hwa Bank | 2022/02/15 ~ 2027/02/15 | CGPC and Chang Hwa Bank signed a five-year medium-term loan limit contract of NT$84 million. | None |
| Medium-Term Loan Limit Contract | Yuanta Bank | 2022/04/15 ~ 2027/04/15 | CGPC and Yuanta Bank signed a five-year medium-term loan limit contract of NT562.4 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 Loan Limit Contract | Yuanta Bank | 2023/11/29 ~ 2028/11/29 | CGPC and Yuanta Bank signed a five-year medium-term loan limit contract of NT884.8 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 Loan Limit Contract | Yuanta Bank | 2023/05/30 ~ 2025/05/30 | CGPC and Yuanta Bank signed a three-year medium-term loan limit contract of NT$300 million, as a revolving credit facility. | None |
| Medium-Term Loan Limit Contract | Bank Sinopac | 2023/08/21 ~ 2026/07/31 | CGPCPOL and Hua Nan Bank signed a three-year medium-term loan 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 Loan Limit Contract | Hua Nan Bank | 2023/09/15 ~ 2026/09/15 | CGPCPOL and Hua Nan Bank signed a three-year medium-term loan limit contract of NT$300 million, as a revolving loan facility. | None |

| Nature of contract | Principal | Contract Start/End Date | Main Content | Restrictive Provisions |
|---|---|---|---|---|
| Medium-Term Loan Limit Contract | First Bank | 2023/12/08 ~ 2026/12/08 | CGPCPOL and First Bank signed a three-year medium-term loan limit contract of NT$100 million, as a revolving loan facility. | None |
| Medium-Term Loan Limit Contract | Taishin International Bank | 2022/11/15 ~ 2025/11/30 | Taiwan VCM Corporation and Taishin International Bank signed a three-year medium-term loan limit contract of 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 Loan Limit Contract | Cathay United Bank | 2021/10/15 ~ 2026/10/15 | Taiwan VCM Corporation and Cathay United Bank signed a five-year medium-term loan limit contract of NT$1.071 billion. | None |
| Medium-Term Loan Limit Contract | Taipei Fubon Bank | 2021/10/15 ~ 2026/10/15 | Taiwan VCM Corporation and Taipei Fubon Bank signed a five-year medium-term loan limit contract of 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 Loan 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 loan limit contract of NT$776 million. | None |
| Medium-Term Loan Limit Contract | Bank of Taiwan | 2022/02/15 ~ 2027/02/15 | Taiwan VCM Corporation and Bank of Taiwan signed a five-year medium-term loan limit contract of NT$300 million. | None |
| Medium-Term Loan Limit Contract | Yuanta Bank | 2022/04/15 ~ 2027/04/15 | Taiwan VCM Corporation and Yuanta Bank signed a five-year medium-term loan limit contract of 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 sheets-International Financial Reporting Standards-consolidated

Unit: NT$ thousand

| Item \ Year | | Financial information of the most recent five years (audited) | | | | | Financial data from this year to March 31, 2024 (Reviewed) |
|---|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Current assets | | 4,876,866 | 5,874,585 | 7,888,292 | 6,755,051 | 6,966,745 | 7,407,279 |
| Property, Plant and Equipment | | 6,157,575 | 6,570,237 | 7,666,434 | 8,447,505 | 9,249,791 | 9,256,376 |
| Intangible assets | | 183 | 0 | 0 | 0 | 0 | 0 |
| Other assets | | 1,296,609 | 1,448,803 | 1,420,589 | 1,481,223 | 1,533,696 | 1,534,326 |
| Total assets | | 12,331,233 | 13,893,625 | 16,975,315 | 16,683,779 | 17,750,232 | 18,197,981 |
| Current Liabilities | Prior to distribution | 1,695,099 | 2,220,603 | 2,992,501 | 3,108,612 | 3,421,831 | 4,186,330 |
| | Post distribution | 1,958,614 (Note 1) | 3,216,689 (Note 1) | 4,445,127 (Note 1) | 3,282,927 (Note 1) | 3,625,199 (Note 1) | – (Note 2) |
| Non-current liabilities | | 1,923,568 | 1,369,264 | 2,147,545 | 3,533,939 | 4,100,913 | 3,821,058 |
| Total liabilities | Prior to distribution | 3,618,667 | 3,589,867 | 5,140,046 | 6,642,551 | 7,522,744 | 8,007,388 |
| | Post distribution | 3,882,182 (Note 1) | 4,585,953 (Note 1) | 6,592,672 (Note 1) | 6,816,866 (Note 1) | 7,726,112 (Note 1) | – (Note 2) |
| Equity attributable to owners of the Company | | 8,250,812 | 9,703,515 | 11,162,977 | 9,446,772 | 9,581,477 | 9,555,261 |
| Share Capital | | 5,270,299 | 5,533,814 | 5,810,505 | 5,810,505 | 5,810,505 | 5,810,505 |
| Capital surplus | | 10,060 | 10,338 | 12,002 | 14,556 | 17,986 | 17,970 |
| Retained earnings | Prior to distribution | 2,937,187 | 4,063,848 | 5,260,198 | 3,554,548 | 3,712,821 | 3,681,154 |
| | Post distribution | 2,673,672 (Note 1) | 3,067,762 (Note 1) | 3,807,572 (Note 1) | 3,380,233 (Note 1) | 3,509,453 (Note 1) | – (Note 2) |
| Other equity | | 33,266 | 95,515 | 80,272 | 67,163 | 40,165 | 45,632 |
| Treasury stocks | | – | – | – | – | – | – |
| Non-controlling Interests | | 461,754 | 600,243 | 672,292 | 594,456 | 646,011 | 635,332 |
| Total equity amount | Prior to distribution | 8,712,566 | 10,303,758 | 11,835,269 | 10,041,228 | 10,227,488 | 10,190,593 |
| | Post distribution | 8,449,051 (Note 1) | 9,307,672 (Note 1) | 10,382,643 (Note 1) | 9,866,913 (Note 1) | 10,024,120 (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 statements of comprehensive income - International Financial Reporting Standards - consolidated

Unit: NT$ thousand

| Item \ Year | | Financial information of the most recent five years (audited) | | | | | Financial data from this year to March 31, 2024 (Reviewed) |
|---|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Sales revenue | | 15,117,855 | 13,733,148 | 20,221,524 | 17,637,479 | 13,707,305 | 2,904,775 |
| Gross profit | | 1,969,480 | 3,359,290 | 5,040,380 | 678,161 | 1,676,769 | 172,580 |
| Profit from Operations | | 773,899 | 2,144,128 | 3,317,157 | (984,470) | 459,855 | (100,064) |
| Non-operating revenue and expenses | | 80,109 | 21,210 | (10,123) | 467,287 | 6,669 | 39,980 |
| Profit before income tax | | 854,008 | 2,165,338 | 3,307,034 | (517,183) | 466,524 | (60,084) |
| Continuing Operations Net Income for the year | | 693,815 | (Note 1) | (Note 1) | (Note 1) | (Note 1) | (Note 1) |
| Income (loss) from discontinued operations | | 4,175 | (Note 1) | (Note 1) | (Note 1) | (Note 1) | (Note 1) |
| Net income for the year | | 697,990 | 1,791,710 | 2,631,418 | (337,717) | 393,674 | (42,276) |
| Other comprehensive income (loss) for the year (Net amount after taxes) | | (2,290) | 82,647 | (14,961) | 107,290 | (36,534) | 5,397 |
| Total comprehensive income | | 695,700 | 1,874,357 | 2,616,457 | (230,427) | 357,140 | (36,879) |
| Net income attributable to Owners of the Company | | 642,677 | 1,634,184 | 2,468,676 | (370,247) | 341,916 | (31,667) |
| Net income attributable to Non-controlling Interests | | 55,313 | 157,526 | 162,742 | 32,530 | 51,758 | (10,609) |
| Total comprehensive loss and income attributable to owners of the Company | | 639,912 | 1,715,940 | 2,453,884 | (266,133) | 305,590 | (26,200) |
| Total comprehensive loss and income attributable to non-controlling interests | | 55,788 | 158,417 | 162,573 | 35,706 | 51,550 | (10,679) |
| Earnings Per Share | Before adjustment | NT$1.22 | NT$2.95 | NT$4.25 | NT$(0.64) | NT$0.59 | NT$(0.05) |
| | After Adjustment (Note 2) | NT$1.16 | NT$2.81 | NT$4.25 | NT$(0.64) | NT$0.59 | NT$(0.05) |

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 sheets - International Financial Reporting Standards - parent company only

Unit: NT$ thousand

| Item \ Year | | Financial information of the most recent five years (audited) | | | | |
|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 |
| Current assets | | 2,243,869 | 2,632,522 | 3,619,894 | 2,712,496 | 2,225,456 |
| Property, Plant and Equipment | | 3,082,693 | 3,248,517 | 3,454,391 | 3,868,478 | 4,489,960 |
| Intangible assets | | 137 | 46 | 0 | 0 | 0 |
| Other assets | | 5,514,107 | 6,721,182 | 7,611,505 | 6,225,210 | 6,484,310 |
| Total assets | | 10,840,806 | 12,602,267 | 14,685,790 | 12,806,184 | 13,199,726 |
| Current Liabilities | Prior to distribution | 1,515,916 | 1,879,546 | 2,549,421 | 1,729,955 | 2,163,316 |
| | Post distribution | 1,779,431 (Note 1) | 2,875,632 (Note 1) | 4,002,047 (Note 1) | 1,904,270 (Note 1) | 2,366,684 (Note 1) |
| Non-current liabilities | | 1,074,078 | 1,019,206 | 973,392 | 1,629,457 | 1,454,933 |
| Total liabilities | Prior to distribution | 2,589,994 | 2,898,752 | 3,522,813 | 3,359,412 | 3,618,249 |
| | Post distribution | 2,853,509 (Note 1) | 3,894,838 (Note 1) | 4,975,939 (Note 1) | 3,533,727 (Note 1) | 3,821,617 (Note 1) |
| Share Capital | | 5,270,299 | 5,533,814 | 5,810,505 | 5,810,505 | 5,810,505 |
| Capital surplus | | 10,060 | 10,338 | 12,002 | 14,556 | 17,986 |
| Retained earnings | Prior to distribution | 2,937,187 | 4,063,848 | 5,260,198 | 3,554,548 | 3,712,821 |
| | Post distribution | 2,673,672 (Note 1) | 3,067,762 (Note 1) | 3,807,572 (Note 1) | 3,380,233 (Note 1) | 3,509,453 (Note 1) |
| Other equity | | 33,266 | 95,515 | 80,272 | 67,163 | 40,165 |
| Treasury stocks | | – | – | – | – | – |
| Total equity amount | Prior to distribution | 8,250,812 | 9,703,515 | 11,162,977 | 9,446,772 | 9,581,477 |
| | Post distribution | 7,987,297 (Note 1) | 8,707,429 (Note 1) | 9,710,351 (Note 1) | 9,272,457 (Note 1) | 9,378,109 (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 statements of comprehensive income - International Financial Reporting Standards - parent company only

Unit: NT$ thousand

| Item \ Year | | Financial analysis of the most recent five years (audit and certification) | | | | |
|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 |
| Sales revenue | | 8,391,693 | 8,268,069 | 11,487,847 | 10,186,976 | 7,768,367 |
| Gross profit | | 715,746 | 879,595 | 1,583,079 | 498,888 | 591,040 |
| Profit from Operations | | 177,311 | 330,602 | 801,543 | (210,084) | 94,633 |
| Non-operating revenue and expenses | | 512,380 | 1,355,736 | 1,820,422 | (208,949) | 215,208 |
| Profit before income tax | | 689,691 | 1,686,338 | 2,621,965 | (419,033) | 309,841 |
| Net income for this year | | 642,677 | 1,634,184 | 2,468,676 | (370,247) | 341,916 |
| Other comprehensive income (loss) for the year (Net amount after taxes) | | (2,765) | 81,756 | (14,792) | 104,114 | (36,326) |
| Total comprehensive income | | 639,912 | 1,715,940 | 2,453,884 | (266,133) | 305,590 |
| Earnings Per Share | Before adjustment | NT$1.22 | NT$2.95 | NT$4.25 | NT$(0.64) | NT$0.59 |
| | After Adjustment (Note) | NT$1.16 | NT$2.81 | NT$4.25 | NT$(0.64) | NT$0.59 |

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 |
|---|---|---|---|
| 2023 | Deloitte & Touche, Taipei, Taiwan, Republic of China | Huang, Hsiu-Chun and Chiu, Cheng-Chun | Unqualified 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 |

# 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 (auded) | | | | | Note | Financial data from this year to March 31, 2024 (Reviewed) |
|---|---|---|---|---|---|---|---|---|---|
| | | | 2019 | 2020 | 2021 | 2022 | 2023 | | |
| Financial structure | Debt-asset Ratio (%) | | 29.34 | 25.83 | 30.27 | 39.81 | 42.38 | | 44.00 |
| | Proportion of long-term capital in property, plant, and equipment (%) | | 172.73 | 175.31 | 182.39 | 160.70 | 154.90 | | 151.37 |
| Debt-paying ability | Current ratio (%) | | 287.70 | 264.54 | 263.60 | 217.30 | 203.59 | | 176.93 |
| | Quick ratio (%) | | 193.16 | 208.14 | 151.50 | 128.78 | 127.04 | | 110.12 |
| | Interest coverage ratio | | 71.33 | 294.13 | 625.68 | (18.29) | 7.71 | 1 | (1.84) |
| Operation ability | Receivables turnover ratio (times) | | 9.21 | 8.12 | 10.25 | 10.18 | 10.63 | | 10.08 |
| | Average days of collection | | 39.63 | 44.95 | 35.60 | 35.85 | 34.33 | | 36.21 |
| | Inventory turnover ratio (times) | | 8.25 | 7.75 | 7.04 | 5.99 | 4.73 | 2 | 4.21 |
| | Average inventory turnover days | | 44.24 | 47.09 | 51.84 | 60.93 | 77.16 | 2 | 86.69 |
| | Payables turnover ratio (times) | | 13.66 | 11.98 | 16.79 | 16.03 | 12.15 | 3 | 12.02 |
| | Property, plant, and equipment turnover ratio (times) | | 2.48 | 2.14 | 2.82 | 2.19 | 1.55 | 4 | 1.26 |
| | Total assets turnover ratio (times) | | 1.18 | 1.05 | 1.31 | 1.05 | 0.80 | 4 | 0.65 |
| Profitability | Return on assets (%) | | 5.54 | 13.71 | 17.08 | (1.88) | 2.61 | 1 | (0.14) |
| | Return on equity (%) | | 7.97 | 18.84 | 23.77 | (3.09) | 3.88 | 1 | (0.41) |
| | Ratio of net profit before tax to paid-in capital (%)(Note 7) | | 16.28 | 39.13 | 56.91 | (8.90) | 8.03 | 1 | (1.03) |
| | Net profit margin (%) | | 4.62 | 13.05 | 13.01 | (1.91) | 2.87 | 1 | (1.46) |
| | Earnings Per Share | Prior to Adjustment (NTD) | 1.22 | 2.95 | 4.25 | (0.64) | 0.59 | 1 | (0.05) |
| | | Post Adjustment (NTD) | 1.16 | 2.81 | 4.25 | (0.64) | 0.59 | 1 | (0.05) |
| Cash Flow | Cash flow ratio (%) | | 118.96 | 94.04 | 73.73 | 26.26 | 29.83 | | 5.34 |
| | Cash flow adequacy ratio (%) | | 117.10 | 124.86 | 85.39 | 72.24 | 65.36 | | 57.50 |
| | Cash reinvestment ratio (%) | | 6.46 | 8.83 | 4.90 | (3.28) | 3.62 | 5 | 0.96 |
| Leverage | Operating leverage | | 4.16 | 2.23 | 1.84 | (1.57) | 6.77 | 1 | (6.06) |
| | Financial leverage | | 1.02 | 1.00 | 1.00 | 0.97 | 1.18 | 1 | 0.83 |

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%)

1. The increase in the interest coverage multiple is primarily due to the cost of the main raw material, EDC, declining significantly more than the drop in PVC product prices, resulting in a substantially wider profit margin. This led to interest expenses and pre-tax net profits of NT$540 million, an increase of NT$1.03 billion compared to 2022.
2. The decrease in the inventory turnover ratio is primarily attributed to a reduction in the cost of goods sold by NT$4.93 billion, while inventory levels only decreased by NT$0.4 billion. The Company primarily imports its main raw materials, EDC and ethylene, considering various factors such as price, shipping schedules, storage capacity, and future consumption, which influence inventory levels. In 2023, the price of EDC fell by more than 50% compared to 2022. To capitalize on lower costs, the Company increased its purchasing volume, significantly contributing to the profits for the year 2023.
3. The decrease in the accounts payable turnover ratio is primarily due to a reduction in the cost of goods sold by NT$4.93 billion, while the decrease in notes and accounts payable was only NT$0.42 billion. This discrepancy indicates a slower rate of payment compared to the reduction in purchasing costs.
4. The decrease in the turnover ratio of property, plant, and equipment to total assets is primarily due to the global economic slowdown, which has been impacted by the sluggish post-pandemic recovery in China and the effects of the Russia-Ukraine conflict, leading to reduced consumer demand. Additionally, continuous expansion of petrochemical capacity in China has resulted in significant price declines for both upstream and downstream petrochemical products. The Company's sales volume decreased by approximately 10,000 metric tons, leading to a reduction in sales revenue of NT$480 million. Additionally, the decline in prices contributed to a further decrease in sales revenue of NT$3.45 billion.
5. The cash reinvestment ratio increased primarily because the net cash inflow from operating activities rose by NT$200 million, and the cash dividends paid decreased by NT$1.4 billion.

## (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 (auded) | | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Financial structure | Debt-asset Ratio (%) | | 23.89 | 23.00 | 23.98 | 26.23 | 27.41 | |
| | Proportion of long-term capital in property, plant, and equipment (%) | | 302.49 | 330.08 | 351.33 | 286.32 | 245.80 | |
| Debt-paying ability | Current ratio (%) | | 148.02 | 140.06 | 141.98 | 156.79 | 102.87 | 1 |
| | Quick ratio (%) | | 99.27 | 105.99 | 87.42 | 90.41 | 54.92 | 1 |
| | Interest coverage ratio | | 876.24 | 1,711.28 | 5,933.05 | (79.97) | 19.55 | 2 |
| Operation ability | Receivables turnover ratio (times) | | 8.40 | 7.55 | 8.47 | 8.48 | 8.86 | |
| | Average days of collection | | 43.45 | 48.34 | 43.09 | 43.04 | 41.19 | |
| | Inventory turnover ratio (times) | | 10.02 | 11.05 | 9.92 | 7.81 | 6.77 | |
| | Average inventory turnover days | | 36.42 | 33.03 | 36.79 | 46.73 | 53.91 | |
| | Payables turnover ratio (times) | | 7.21 | 5.95 | 6.42 | 7.08 | 7.69 | |
| | Property, plant, and equipment turnover ratio (times) | | 2.74 | 2.61 | 3.43 | 2.78 | 1.86 | 3 |
| | Total assets turnover ratio (times) | | 0.77 | 0.71 | 0.84 | 0.74 | 0.60 | |
| Profitability | Return on assets (%) | | 5.89 | 13.95 | 18.10 | (2.66) | 2.73 | 2 |
| | Return on equity (%) | | 7.73 | 18.20 | 23.66 | (3.59) | 3.59 | 2 |
| | Ratio of net profit before tax to paid-in capital (%)(Note 7) | | 13.09 | 30.47 | 45.12 | (7.21) | 5.33 | 2 |
| | Net profit margin (%) | | 7.66 | 19.77 | 21.49 | (3.63) | 4.40 | 2 |
| | Earnings Per Share | Prior to Adjustment (NTD) | 1.22 | 2.95 | 4.25 | (0.64) | 0.59 | 2 |
| | | Post Adjustment (NTD) | 1.16 | 2.81 | 4.25 | (0.64) | 0.59 | 2 |
| Cash Flow | Cash flow ratio (%) | | 45.51 | 26.53 | 26.71 | (20.19) | 24.19 | 4 |
| | Cash flow adequacy ratio (%) | | 65.32 | 66.48 | 51.89 | 32.55 | 29.28 | |
| | Cash reinvestment ratio (%) | | (0.50) | 1.56 | (1.87) | (11.32) | 2.29 | 4 |
| Leverage | Operating leverage | | 7.86 | 4.94 | 2.79 | (4.82) | 14.25 | 4 |
| | Financial leverage | | 1.00 | 1.00 | 1.00 | 0.98 | 1.21 | 2 |

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%)

1. The decrease in both the current ratio and the quick ratio is primarily due to the increased short-term borrowing of NT$590 million, driven by the Company's liquidity needs.
2. The increase in the interest coverage ratio is primarily due to the cost of the main raw material, VCM, declining much more significantly than the drop in PVC product prices, resulting in a substantially larger profit margin. This led to interest expenses and pre-tax net profits of NT$330 million, an increase of NT$740 million compared to the fiscal year 2022.
3. The turnover rate of property, plant, and equipment decreased primarily due to the global economic downturn, influenced by the weak post-pandemic recovery in China and the impacts of the Russia-Ukraine conflict, which led to reduced consumer demand and a significant drop in petrochemical product prices. As a result, the Company's net sales revenue decreased by NT$2.42 billion compared to the fiscal year 2022.
4. The decrease in the cash flow ratio is primarily due to the significantly larger drop in the cost of the main raw material, VCM, compared to the decline in PVC prices, which greatly increased the profit margin. This led to a pre-tax net profit of NT$310 million, an increase of NT$730 million compared to the fiscal year 2022. This situation suggests that while profitability improved, the cash generated from operations may not have increased proportionally, impacting the cash flow ratio negatively. Net cash inflow from operating activities amounted to NT$520 million, an increase of NT$870 million compared to the fiscal year 2022. Current liabilities stood at NT$2.16 billion, which is an increase of NT$430 million from the end of 2022. This reflects a more robust operational performance despite an increase in short-term financial obligations.

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 in 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
   Balance of accounts receivable (including accounts receivable and notes receivable generated from operations)
   (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
   Balance of accounts payable (including accounts payable and notes payable generated from operations)
   (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× (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 ins 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 2023 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**
**2024 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: Hsu, Chen-I

March 6, 2024

**IV. Consolidated Financial Statements Audited by CPAs for the Most Recent Fiscal Years:** Please refer to page 224.

**V. Parent Company Only Financial Statements Audited by CPAs for the Most Recent Fiscal Years:** Please refer to page 293.

**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 2022 | End of 2023 | Change (amount) | Change % | Note |
|---|---|---|---|---|---|
| Current assets | 6,755,051 | 6,966,745 | 211,694 | 3.13 | |
| Investment accounted for equity method | 379,522 | 359,601 | (19,921) | (5.25) | |
| Property, plant and equipment | 8,447,505 | 9,249,791 | 802,286 | 9.50 | |
| Other assets | 1,101,701 | 1,174,095 | 72,394 | 6.57 | |
| Total assets | 16,683,779 | 17,750,232 | 1,066,453 | 6.39 | |
| Current liabilities | 3,108,612 | 3,421,831 | 313,219 | 10.08 | |
| Long-term borrowings | 2,432,380 | 2,999,206 | 566,826 | 23.30 | 1 |
| Deferred income tax liabilities | 595,996 | 594,334 | (1,662) | (0.28) | |
| Net defined benefit liability | 330,322 | 311,996 | (18,326) | (5.55) | |
| Other liabilities | 175,241 | 195,377 | 20,136 | 11.49 | |
| Total liabilities | 6,642,551 | 7,522,744 | 880,193 | 13.25 | |
| Share capital | 5,810,505 | 5,810,505 | 0 | 0.00 | |
| Capital surplus | 14,556 | 17,986 | 3,430 | 23.56 | 2 |
| Retained earnings | 3,554,548 | 3,712,821 | 158,273 | 4.45 | |
| Other equity | 67,163 | 40,165 | (26,998) | (40.20) | 3 |
| Total equity attributable to owners of the Company | 9,446,772 | 9,581,477 | 134,705 | 1.43 | |
| Non-controlling Interests | 594,456 | 646,011 | 51,555 | 8.67 | |
| Total equity | 10,041,228 | 10,227,488 | 186,260 | 1.85 | |

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):
   (1)The primary reason for the increase in long-term borrowing by NT$570 million is to fund capital needs amounting to NT$3.4 billion, required for the construction of the Intercontinental Terminal II storage tanks and PVC automated warehouse facilities. A portion of this funding requirement is being met through increased borrowing.
   (2)The primary reason for transferring NT$0.02 billion from unclaimed dividends to capital reserves is due to shareholders not collecting their dividends.
   (3)The primary reason for the increase in unrecognized valuation losses, which total NT$0.25 billion, is attributed to financial assets measured at fair value through other comprehensive income.
2. If the impact is significant, describe the future response measures:
   None.

# II.Financial Performance

## (I) Comparison and analysis of financial performance

Unit: NT$ thousand

| Item \ Year | 2022 | 2023 | Change (amount) | Change % | Note |
|---|---|---|---|---|---|
| Net sales revenue | 17,637,479 | 13,707,305 | (3,930,174) | (22.28) | 1 |
| Cost of goods sold | 16,959,318 | 12,030,536 | (4,928,782) | (29.06) | 2 |
| Gross profit | 678,161 | 1,676,769 | 998,608 | 147.25 | 1 |
| Operating expenses | 1,662,631 | 1,216,914 | (445,717) | (26.81) | 3 |
| Profit from Operations | (984,470) | 459,855 | 1,444,325 | (146.71) | |
| Non-operating Revenue | 467,287 | 6,669 | (460,618) | (98.57) | 4 |
| Profit before income tax | (517,183) | 466,524 | 983,707 | (190.20) | |
| Income Tax Expense (Income) | (179,466) | 72,850 | 252,316 | (140.59) | |
| Net (Loss) Profit for the Year | (337,717) | 393,674 | 731,391 | (216.57) | |
| Other Comprehensive Income for the Year (Net amount after taxes) | 107,290 | (36,534) | (143,824) | (134.05) | 5 |
| Total comprehensive income (loss) for the year | (230,427) | 357,140 | 587,567 | (254.99) | |

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) The global economy has been impacted by the sluggish post-pandemic recovery in China and the effects of the Russia-Ukraine conflict, leading to diminished consumer demand. Additionally, the continuous expansion of petrochemical capacity in China has resulted in significant declines in prices for both upstream and downstream petrochemical products. The Company's sales volume decreased by approximately 10,000 metric tons, leading to a reduction in sales revenue of NT$480 million. Additionally, the decline in prices contributed to a further decrease in sales revenue of NT$3.45 billion.
   (2) The decrease in the cost of goods sold by NT$4.93 billion is primarily due to the reduction in the costs of raw materials, EDC, and ethylene, which fell by US$374 per metric ton, representing a 45% decrease.
   (3) The reduction in operating expenses by NT$450 million is primarily due to the normalization of maritime operations post-pandemic and the subdued economic recovery, which contracted the demand for maritime transport, leading to a decrease in shipping costs by NT$390 million.
   (4) The decrease in non-operating income (expenses) by NT$460 million is primarily due to a reduction of NT$110 million in foreign exchange gains and the absence of NT$240 million in insurance compensation received in 2022 for damage to a VCM reactor.
   (5) The increase in other comprehensive losses by NT$140 million is primarily due to a decrease of NT$150 million in the remeasurement gains on defined benefit plans.
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:

   The global economic growth rate has exceeded prior expectations, benefiting from China's easing of housing purchase restrictions, promotion of infrastructure projects, and the anticipation of interest rate cuts in Europe and America, along with a de-escalation of regional conflicts. These factors collectively favor a warming of demand. The rigid demand from India and other emerging markets continues to grow, which will stabilize PVC prices as inventory levels are reduced and a market bottom is established.

   The Company is progressively implementing several renovation plans aimed at accelerating process optimization and replacing energy-intensive equipment. These initiatives are intended to achieve the annual sales target of 520,000 metric tons.

## (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 | 998,608 | (3,451,125) | 4,546,013 | (87,427) | (8,853) |
| Note | The global economy has been impacted by the sluggish post-pandemic recovery in China and the effects of the Russia-Ukraine conflict, leading to diminished consumer demand. Additionally, the continuous expansion of petrochemical capacity in China has resulted in significant declines in prices for both upstream and downstream petrochemical products. The Company's sales volume decreased by approximately 10,000 metric tons, leading to a reduction in sales revenue of NT$480 million. Additionally, the decline in prices contributed to a further decrease in sales revenue of NT$3.45 billion. The reduction in cost of goods sold by NT$4.55 billion is primarily due to the significant decrease in the costs of raw materials, EDC and ethylene, which fell by US$374 per metric ton, representing a 45% reduction. | | | | |

# III.Cash Flows

## Cash Flow Analysis Table

Unit: NT$ thousand

| Cash Balance at the Beginning of the Period | 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 |
| 1,276,545 | 1,020,900 | (1,094,259) | 1,203,186 | – | – |

1. Analysis of current year's cash flow change:
   (1) Operating activities: The net cash inflow was NT$1.02 billion, primarily due to the inflow from pre-tax net profits of NT$470 million, depreciation/amortization expenses contributing NT$770 million, inflows from receivables (notes and accounts) amounting to NT$260 million, and outflows to payables (notes and accounts) of NT$420 million.
   (2) Investment activities: The net cash outflow was NT$2.07 billion, primarily due to NT$1.42 billion spent on the acquisition of property, plant, and equipment, and a net outflow of NT$620 million related to financial assets measured at amortized cost.
   (3) Financing activities: The net cash inflow was NT$970 million, primarily driven by a net inflow of NT$1.17 billion from long-term and short-term borrowings, offset by dividend payments totaling NT$170 million.
2. Liquidity improvement program: Not applicable.
3. Cash liquidity analysis for the following year:

| | | |
|---|---|---|
| Cash balance at the beginning of the period: | 1,203,186 | thousand |
| Expected annual net cash flows from operating activities: | 835,132 | thousand |
| Expected annual cash flows not derived from operating activities: | (1,226,252) | thousand |
| Expected annual cash flow: | (391,120) | thousand |
| Expected cash balance | 812,066 | thousand |

# IV.Impact of Significant Capital Expenditures in the Latest Year upon 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 | | |
|---|---|---|---|---|---|---|
| | | | | 2022 | 2023 | 2024 |
| (1) Expansion of new product lines | | | | | | |
| Project of construction of original storage tank and ancillary equipment and utilities for Zhouji phase II | Owned Funds and Borrowings | 2024.12.31 | 2,178,000 | 1,737,409 | 66,375 | 374,216 |
| Project of ethylene external industrial pipeline of Zhouji phase II | Own funds | 2024.06.30 | 263,000 | 138,378 | 52,489 | 72,133 |
| C-6204 VCM tower project | Own funds | 2024.12.31 | 109,000 | 21,568 | 75,053 | 12,379 |
| E-6151 reactor spare production project | Own funds | 2024.03.31 | 160,000 | 105,066 | 1,824 | 53,110 |
| Project of expansion of Zhouji phase II EDC and VCM storage tanks | Owned Funds and Borrowings | 2024.02.29 | 482,000 | 380,942 | 100,118 | 940 |
| Instrument cable channel renewal project | Own funds | 2023.09.30 | 18,784 | 11,433 | 7,351 | 0 |
| Renewal of fixed equipment | Own funds | 2024.12.31 | 165,000 | 49,809 | 90,609 | 24,582 |
| T-6030 storage tank update | Own funds | 2024.10.31 | 45,000 | 13,389 | 18,469 | 13,142 |
| Rotating equipment parts | Own funds | 2024.12.31 | 35,500 | 0 | 11,464 | 24,036 |
| Pipelines and Equipment Maintenance | Own funds | 2024.12.31 | 30,000 | 0 | 25,470 | 4,530 |
| Pipeline Insulation Renewal Project in Zone 36 | Own funds | 2023.12.31 | 12,600 | 0 | 12,600 | 0 |
| #4 dryer renewal project | Own funds | 2024.12.31 | 209,500 | 84,369 | 81,558 | 43,573 |
| Hydrochloric acid furnace renovation project | Own funds | 2024.06.30 | 79,000 | 3,930 | 73,804 | 1,266 |
| New construction of automatic storage system project | Owned Funds and Borrowings | 2023.09.30 | 469,902 | 419,151 | 50,751 | 0 |
| Expansion of PVC resin warehouse | Own funds | 2024.06.30 | 37,000 | 32,063 | 3,621 | 1,316 |
| PVC Sheet AOI Online Defect Detection System Engineering | Own funds | 2024.11.30 | 18,500 | 3,905 | 4,134 | 10,461 |
| New natural gas steam boiler project | Own funds | 2024.12.31 | 58,000 | 25,711 | 15,372 | 16,917 |
| Condensation Recirculation System Upgrade for Polymerization | Own funds | 2024.12.31 | 15,000 | 461 | 583 | 13,956 |
| #6 dryer PVC resin transportation system improvement project | Own funds | 2024.06.30 | 15,000 | 1,227 | 2,488 | 11,285 |
| #7&8 PVC film/ sheet machine retirement project | Own funds | 2024.08.31 | 91,000 | 4,111 | 53,003 | 33,886 |
| 800RT freezer chiller system renewal project | Own funds | 2024.06.30 | 61,500 | 3,509 | 51,404 | 6,587 |
| #7 gluing machine replacement and renewal project | Own funds | 2024.08.31 | 26,000 | 60 | 2,419 | 23,521 |

| | Actual Or Expected Sources Of Funds | Actual Or Expected Completion Date | Total Fund Required | Actual And Expected Expenditures | | |
|---|---|---|---|---|---|---|
| | | | | 2022 | 2023 | 2024 |
| Project of addition of deep well and water purification equipment for the Southern Plant | Own funds | 2024.08.31 | 16,000 | 1,652 | 0 | 14,348 |
| Water inlet and output water supply pipe improvement project | Own funds | 2024.08.31 | 13,600 | 313 | 10,475 | 2,812 |
| Replacement of processing machines | Own funds | 2024.12.31 | 17,500 | 9 | 0 | 17,491 |
| VCM Ball Tank Renewal Project | Owned Funds and Borrowings | 2026.12.31 | 538,000 | 655 | 40,969 | 496,376 |
| Retirement and Replacement of Polymerization Tanks | Owned Funds and Borrowings | 2026.09.30 | 4,580,000 | 448 | 32,410 | 4,547,142 |
| Project of adding new filter tank and pre-processor of the HBF system | Own funds | 2024.06.30 | 24,050 | 12 | 21,938 | 2,100 |
| Consolidation, dismantling and refurbishment of soft PVC film/ sheet machine equipment | Own funds | 2024.06.30 | 65,000 | 6,288 | 39,360 | 19,352 |
| New Mobile Rack System and Loading Dock Project | Own funds | 2024.06.30 | 40,000 | 143 | 31,905 | 7,952 |
| Cooling Water Tower Pump and Piping Renewal Project for Alkali-Chlorine | Own funds | 2024.06.30 | 20,000 | 0 | 17,101 | 2,899 |
| Hydrogen cooler/chlorine defogger (with piping) renewal project | Own funds | 2024.06.30 | 17,500 | 0 | 12,933 | 4,567 |
| Addition of New Controllers and AMS System for Alkali-Chlorine DCS | Own funds | 2024.05.31 | 10,000 | 0 | 8,458 | 1,542 |
| Purchase of Critical Equipment for Polymerization Tanks | Own funds | 2025.09.30 | 290,000 | 0 | 3 | 289,997 |
| Acquisition of Electrolytic Cell Bodies and Key Equipment Accessories | Own funds | 2024.03.31 | 44,023 | 0 | 44,023 | 0 |
| Construction of a New 150-Ton Pure Water Facility | Own funds | 2024.09.30 | 50,000 | 0 | 5 | 49,995 |
| Purchase of SP-1105 Automatic Tank Cleaning Gun Assemblies | Own funds | 2024.06.30 | 12,000 | 0 | 10,853 | 1,147 |
| Heat Exchanger Coil Improvement Project for Dryers | Own funds | 2024.07.31 | 33,500 | 0 | 0 | 33,500 |
| | | | | | | |
| (2) Information system update | | | | | | |
| Fiber optic backbone replacement and server room renovation project in Toufen plant | Own funds | 2024.05.31 | 15,000 | 3,652 | 10,760 | 588 |
| | | | | | | |
| (3) Industrial and security facilities | | | | | | |
| Underground pipeline intelligent probe pipe inspection project | Own funds | 2025.12.31 | 68,800 | 0 | 4,961 | 63,839 |
| Spare Safety and Control Valves for Polymerization | Own funds | 2024.12.31 | 5,000 | 863 | 1,642 | 2,495 |
| Media refrigerator system renewal project | Own funds | 2024.12.31 | 16,000 | 361 | 2,732 | 12,907 |

| | Actual Or Expected Sources Of Funds | Actual Or Expected Completion Date | Total Fund Required | Actual And Expected Expenditures | | |
|---|---|---|---|---|---|---|
| | | | | 2022 | 2023 | 2024 |
| Nitrogen branch piping project | Own funds | 2024.06.30 | 14,000 | 590 | 3,231 | 10,179 |
| Renewal of the pedestrian bridge attached to the square tube bridge across Ziqiang Road | Own funds | 2024.06.30 | 53,000 | 3 | 2,902 | 50,095 |
| License Plate Recognition System Installation and Parking Lot Fencing | Own funds | 2024.02.28 | 8,200 | 0 | 31 | 8,169 |
| Waterproof Membrane Installation on the Rooftop of USI Group Optoelectronics Plant | Own funds | 2024.03.31 | 10,000 | 0 | 7,806 | 2,194 |
| Replacement and Renewal of Public Utilities along Ziqiang Road | Own funds | 2024.03.31 | 25,000 | 0 | 3,387 | 21,613 |
| Underground Cable Distribution Project for High Voltage Poles on Huaxia Second Road | Own funds | 2024.10.31 | 50,000 | 0 | 111 | 49,889 |
| | | | | | | |
| (4) Pollution prevention | | | | | | |
| Groundwater Pollution Control Plan for Linyuan Plant | Own funds | 2024.12.31 | 22,409 | 0 | 73 | 22,336 |
| S-321A stripper renewal | Own funds | 2023.11.28 | 69,334 | 56,584 | 12,750 | 0 |
| Activated carbon fluidized beds VOC control equipment project | Own funds | 2023.12.31 | 65,133 | 56,795 | 8,338 | 0 |
| Project of construction of a solar power generation system | Own funds | 2024.07.31 | 40,000 | 170 | 28,044 | 11,786 |
| Total | | | 10,812,335 | 3,165,029 | 1,158,160 | 6,489,146 |

(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 2023 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. 2023 interest income (payment) and exchange gain (loss):

| Item | 2023 (NT$ thousands) |
|---|---|
| Net interest income (expenses) | (38,487) |
| Net currency exchange gain (loss) | 26,876 |
| Ratio of net interest income (expense) to net revenue | (0.28%) |
| Ratio of net interest income (expenses) to net income before tax | (8.25%) |
| Ratio of net currency exchange gain (loss) to net revenue | 0.20% |
| Ratio of net foreign exchange gain (loss) to net income before taxes | 5.76% |

2. Interest rate:

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

Ensure sufficient short-term funds for operational needs; for medium-to-long-term funding requirements, secure medium-to-long-term credit facilities from financial institutions at an appropriate time when interest rates are stable. This approach aims to lock in funding costs with fixed interest rates, addressing the need for financial stability over a longer period.

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’s 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 stipulate 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 | Major factors that influence the success of R&D in the future |
|---|---|---|---|---|
| Low VOC PVC/TPE series rubber leather | 50% | 15,000 | By the middle of 2024 | Equipment, formulas and process conditions |
| Sponge leather development for Casting-like furniture | 50% | 1,000 | Before the end of 2024 | Formulas and process conditions |
| Energy generation through residual hydrogen | 0% | 1,000 | Before the end of 2026 | Equipment and process conditions |
| TPO automotive foot mat scratch-resistant rubber cloth | 75% | 800 | By the middle of 2024 | Formulas and process conditions |
| PP Flame-Resistant Rigid PVC Film/Sheet | 0% | 800 | By the middle of 2024 | Equipment, formulas and process conditions |
| TPO Transfer Mold | 0% | 800 | By the middle of 2024 | 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 |
|---|---|---|---|---|
| Translucent leather/fabric products | 50% | 600 | By the middle of 2024 | Formulas and process conditions |
| Non-PVC Wristband Fabric | 0% | 600 | By the middle of 2024 | Formulas and process conditions |
| PVC wire harness tape (Philippines) | 0% | 500 | Before the end of 2024 | Formulas and process conditions |
| PVC high-temperature resistant colored wire harness tape | 0% | 500 | Before the end of 2024 | Formulas and process conditions |
| Flame-resistant decorative fabric | 0% | 500 | Before the end of 2024 | Formulas and process conditions |
| Low-odor automotive tape fabric | 0% | 500 | Before the end of 2024 | Formulas and process conditions |
| Development of third-generation stain-resistant PVC leather | 25% | 500 | Before the end of 2024 | Formulas and process conditions |
| Development of cooling leather for motorcycle seats | 25% | 500 | Before the end of 2024 | Formulas and process conditions |
| Development of solvent-free PVC cloth paste | 50% | 500 | By the middle of 2024 | Equipment, formulas and process conditions |
| Solvent-free surface treatment leather for PVC/TPE | 50% | 500 | Before the end of 2024 | Equipment, formulas and process conditions |
| TPU headset cover tape development | 50% | 500 | By the middle of 2024 | Formulas and process conditions |
| TPO anti-static transparent film/sheet | 50% | 500 | By the middle of 2024 | Equipment, formulas and process conditions |
| TPO ventilated flexible hose leather | 50% | 500 | By the middle of 2024 | Formulas and process conditions |
| PP equipment expansion protective cover rubber cloth | 75% | 500 | By the middle of 2024 | Formulas and process conditions |
| TPO fully recycled shoe leather | 50% | 500 | By the middle of 2024 | Formulas and process conditions |
| GRS certified TPU foam material | 0% | 500 | By the middle of 2024 | Formulas and process conditions |
| PP decorative adhesive fabric | 0% | 500 | By the middle of 2024 | Formulas and process conditions |
| Bio-shell powder antibacterial and anti-mold leather development | 50% | 300 | Before the end of 2024 | Equipment, formulas and process conditions |
| Development of High Hydrolysis Resistant TPU Materials and Related Products | 25% | 300 | Before the end of 2024 | Formulas and process conditions |
| TPE leather products for car seats | 75% | 300 | By the middle of 2024 | Formulas and process conditions |
| Development of solvent-free TPE cloth paste | 75% | 300 | By the middle of 2024 | Equipment, formulas and process conditions |
| Silicone coating/laminating composite products | 25% | 300 | By the middle of 2024 | Materials, equipment and process conditions |
| Utilizing a 30L PVC polymerization reactor to analyze the impact of various additives on product quality | 50% | 300 | Before the end of 2024 | Equipment, formulas and process conditions |
| New formulations testing in a 30L experimental reactor | 50% | 300 | Before the end of 2024 | Equipment, formulas and process conditions |
| Marine soft leather development | 75% | 200 | Before the end of 2024 | 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 to 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 upheld 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:

In January 2021, personnel from the Environmental Protection Administration visited the Company's Toufen Plant for an inspection. They discovered that certain operations within the rubber coating manufacturing unit involved surface coating and printing processes. Consequently, it was determined that these processes should be subject to the mass balance method for calculating volatile organic compound (VOC) emissions and associated air pollution control fees. Based on this determination, the Miaoli County Government ordered the Company to pay additional air pollution fees amounting to NT$60,510,546. The Company legally challenged this administrative decision, and the appeal was upheld by the Environmental Protection Administration's Appeals Committee, resulting in the annulment of the original administrative order.

On September 14, 2023, the Miaoli County Environmental Protection Bureau notified the Company that, upon recalculating the air pollution control fees, it was determined that an additional NT$41,038,306 should be paid.

The Company has once again contested this administrative decision, having filed an appeal and is currently awaiting a decision from the Ministry of Environment.

(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 $231,585 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 $15,860 thousand as of April 26, 2024.

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 represents the three parties in the settlement negotiation and the signing of settlement agreements with the 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 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 26, 2024, 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 $3,831,319thousand. The first-instance judgments of some of the above-mentioned civil cases (with a total amount of compensation of approximately $1,467,861 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 from paying $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 of the cases are still under trial in the Court of First Instance (the amount of compensation requested is approximately $1,860,633 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) Responding to environmental, social, and corporate governance risks:

<table>
<tr><th>Aspects to consider</th><th>Risk description</th><th>Response measures</th></tr>
<tr><td rowspan="3">Governance</td><td>Production and Sales Strategy and Operational Risks</td><td>●The Company employs a vertical integration strategy spanning procurement, production, and sales, with regular reviews of raw material and finished goods inventories.<br>●Production plans are dynamically adjusted to respond to market fluctuations through rolling reviews of inventory changes, aiming to stabilize product margins and prevent losses from price drops.<br>●In alignment with the circular economy and to develop environmentally friendly products, the Company has developed non-PVC plastics and other processed products, achieving international GRS certification to facilitate the promotion within environmentally demanding markets.</td></tr>
<tr><td>Financial risks</td><td>●Interest Rate Variability: Central banks globally are raising interest rates to curb inflation. During these periods of rising interest rates, the Company monitors market trends and adjusts its funding strategies across short, medium, and long-term needs to mitigate the risks associated with interest rate fluctuations. This includes timely adjustments to borrowing limits and rebalancing the proportions of short, medium, and long-term debt.<br>●Exchange Rate Variability: Significant interest rate hikes by the Federal Reserve to combat inflation have led to high volatility in the international currency markets. The Company's policy is to hedge 100% of its net exposure to foreign exchange risks. However, when market trends in exchange rates are clearly favorable, the Company may adjust its hedging ratio within a controlled risk parameter.<br>●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.<br>●Endorsement guarantee: To implement according to the Regulations Governing the Making of Endorsements/Guarantees<br>●Accounts Receivable Risk: Actively care about customers' operating conditions or analyze customers' financial reports.<br>(1) Domestic customers: Add substantial guarantee and qualified joint guarantor.<br>(2) Export customers: Countries that strive to increase the amount of credit insurance and increase the coverage of L/C insurance.</td></tr>
<tr><td>Disaster and Accident Risk Management</td><td>●Enhanced Training Exercises: On August 24, 2023, the Company dispatched 30 seed personnel to participate in the Petrochemical Disaster Response Training Class (Live Fire Training) held at the Training Center of the Ministry of the Interior's National Fire Agency. In September of the same year, trained and qualified security inspectors were appointed to oversee the maintenance, self-inspection, and safety management of facilities and equipment at locations handling hazardous materials.<br>●he Company continuously establishes and updates the Hazardous Chemicals Access and Response Database (H-CARD) to enhance the provision of rescue and disaster response information.<br>●In response to the explosion at the Launch Technologies Pingtung plant,</td></tr>
</table>

| Aspects to consider | Risk description | Response measures |
|---|---|---|
| | | an inspection in September 2023 reviewed three sites within the plant handling organic peroxides (catalysts). Storage and use at these sites were confirmed to be in compliance with existing regulations.<br>●Starting in June 2023, the Company began developing an internal chemical cloud database to systematize chemical information. This initiative aims to provide detailed information on the types, quantities, and spatial arrangements of chemicals within the plant, along with essential information for emergency response. |
| | Technology and Information Security Risks | ●Audit and Verification: The Company has successfully passed ISO 27001 certification for ten consecutive years. External audits are conducted biannually along with social engineering drills and information security training and testing to enhance the cybersecurity awareness of all employees. Additionally, information security health checks are performed alongside biannual audits by the Group's internal audit department.<br>●Security Management: Two sets of endpoint detection and response software are deployed for critical information assets, providing a tri-phasic defense system (pre-, mid-, and post-event). This system encompasses information security management, the collection and inventory of USB external storage devices used within the Group, and antivirus health checks.<br>●Dedicated Information Security Unit: A specialized unit, along with dedicated managers and personnel, is responsible for planning, monitoring, and executing information security management tasks and supervision.<br>●Integration of Artificial Intelligence (AI): As part of the move towards smart factory objectives, projects include optimization of the drying process, process safety monitoring, electrical panel AOI thermal imaging recognition, fully automated vertical storage systems, automatic detection and adjustment on pipe production lines, safety recognition for PVC powder space bag packaging machines, and intelligent sensing safety systems for forklifts. |
| | Others | ●Research and Development Risks: Carbon emission considerations are integrated into product development strategies focusing on circular economy principles, clean processes, and green energy. Product development competitiveness is regularly reviewed in meetings.<br>●Legal Risks - Litigation and Resolution: In 2023, legal consultations and assistance were provided for the air pollution incident at the Toufen Plant and issues regarding idle land at the Zhongshan plant. Other Aspects: Compliance risks, transaction risks, and legal adherence and behavior have all operated normally over the past year. |
| Environmental risks | Climate Change and Environmental Risks | ●Carbon Reduction Targets: USI Group has set specific carbon reduction goals: to reduce carbon emissions by 27% by 2030 compared to 2017 levels, and to achieve carbon neutrality by 2060 as a long-term corporate objective. As of the end of 2023, the cumulative grid-connected solar capacity at the CGPC Toufen Plant has reached 2.1 MW.<br>●The Group is committed to the "Zero Leak" target, implementing environmental and safety audit plans, developing energy-saving and carbon reduction programs, and continuously monitoring changes in relevant policies and regulations. The Group promotes energy conservation and carbon reduction policies, provides resources for self-assessment, has implemented the ISO 50001 Energy Management System, and tracks the progress of these initiatives regularly.<br>●The Group has obtained certifications for greenhouse gas management, product carbon footprint, water resource management, and organizational water footprint. It ensures greenhouse gas emissions are verified and reported to the National Greenhouse Gas Registry of the Ministry of Environment.<br>●In 2023, the Group participated in the Carbon Disclosure Project (CDP), addressing the themes of Climate Change and Water Security within its supply chain, achieving grades of B- and B, respectively.<br>●In 2023, the CGPC Toufen Plant established a Task Force on Climate-Related Financial Disclosures (TCFD) management team. This |

| Aspects to consider | Risk description | Response measures |
|---|---|---|
| | | team conducts analyses on the potential impacts of climate change, identifies associated risks and opportunities, performs financial impact assessments, and plans responses to climate change. |
| Society | Human Resources Risks | ●Talent Acquisition: The Company utilizes online job portals and social networking sites to source candidates suitable for various job openings. Additionally, it has established academic-industry collaborations with renowned domestic universities to tap into a pool of fresh talent and innovative research.<br>●Talent Development: A training map has been developed to include career development planning, orientation for new hires, management skills training, professional skills courses, general education courses, language training, and initiatives aimed at reshaping and upgrading employee skills. An annual promotion reporting system has also been established to recognize and reward potential within the workforce.<br>●Talent Deployment: The Company has streamlined the process for proposing managerial candidates to enhance execution effectiveness, strengthening talent identification and development planning to ensure a robust succession pipeline, ensuring that critical roles are seamlessly transitioned with competent successors.<br>●Preventing Talent Attrition: The Company maintains open and effective communication with labor unions and has established a competitive compensation system that not only meets reasonable and competitive salary levels but also aligns with local legal requirements, industry practices, and the overall operational performance of its subsidiaries. This holistic approach helps in retaining key personnel by ensuring that their compensation is both fair and competitive. |
| | Occupational Safety Risks | ●Annual technical case conferences and biannual resource integration meetings are held across the Group's northern factories to promote safety. Facilities that achieve 1,000 consecutive safe days are awarded trophies and publicly commended, incentivizing safety compliance and reducing occupational hazards. CGPC Toufen Plant Resource Integration Meetings: Conducted on April 21 and October 18, 2023, these meetings focused on integrating resources to enhance safety and environmental compliance.<br>●The Group conducts yearly safety and environmental audits and professional training to ensure compliance with occupational health, environmental, and fire safety regulations at all plants.<br>●A set of punitive guidelines, USI Group Contractor Violation of Critical Safety Regulations Reference Standards, has been established to manage and enforce safety among contractors.<br>●Monthly promotions of CCPS's Process Safety Beacon and mid-month features from chemical industry magazines on process safety are utilized to continually imbue plant personnel with vital process safety knowledge.<br>●The American petrochemical industry's critical safety (lifesaving) rules have been adopted, with training sessions held in both the southern and northern regions; a session was conducted at the CGPC Toufen Plant on August 17.<br>●In February 2023, 10 internal PSM auditors were trained by the international organization BSI, enhancing auditor capabilities through cross-plant audits (within Group affiliates), aiming to perfect the PSM system.<br>●In September 2023, a collaboration with Toufen City Health Office involved signing a No Betel Nut Zone Intent Letter, promoting proper oral hygiene and cancer prevention, fostering a health-conscious workplace culture.<br>●In 2023, with assistance from Kaohsiung University of Science and Technology, a Computerized Maintenance Management System (CMMS) was developed to calculate metrics such as Mean Time Between Failures (MTBF) and Mean Time To Repair (MTTR), thereby increasing equipment reliability and reducing occupational health risks associated with equipment failures.<br>●A noise improvement project within the PVC pipe crushing process |

| Aspects to consider | Risk description | Response measures |
|---|---|---|
| | | reduced area noise levels from 95.3 dBA to 81.1 dBA in 2023.<br>●An Automated Optical Inspection (AOI) intelligent sensing safety system was installed on six forklifts, with positive trial results. Expansion to additional forklifts across the plant is planned.<br>●In 2023, supply chain partners were invited to participate in the Ministry of Labor's Occupational Safety and Health Administration's Corporate Sustainable Occupational Health and Safety Performance Self-Assessment, which helps identify and improve weaknesses in occupational health and safety across the supply chain. |

Note: Risk considerations are primarily based on the operations of CGPC.

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

(I) Productivity achievement rate: Compared to the annual target, raw materials products reached 92.60% and processed products reached 84.60%.

(II) Yield: Compared to the annual target, raw materials products reached 100.30% and processed products reached 99.50%.

(III) Customer complaints: In 2023, the ratio of annual losses from customer complaints (excluding quantity discounts) was 0.033% (the losses from customer complaints as a ratio of the revenue) and it was within the Company's control.

(IV) Employee proposals: In 2023, there were 402 proposals (established cases) and the estimated savings is NT$35.57 million.

(V) Labor safety incidents:

Injury frequency in 2023 (number of disability and injury per million hours): 2.9
Injury severity rate in 2023 (total number of days of losses due to disability and injury per million hours): 73.2
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 Taiwan VCM - 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 Protection Administration 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 Taiwan VCM - The rectification performance of the CGPC Toufen Main Factory remediation site.

3. The Environmental Protection Administration of Taiwan VCM was approved by the Environmental Protection Administration 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 Environmental Protection Administration recently announced the remediation technologies of Environmental Development Department of Taiwan VCM Corporation in the "soil and groundwater pollution remediation network" of Environmental Protection Administration.

4. Chien, Hua-Yi, Director of Environmental Development Department of Taiwan VCM, was awarded the 2020 Outstanding Program Manager Award by Taiwanese Soil and Groundwater Environmental Protection (TASGEP).

5. Environmental Development Department of Taiwan VCM 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.

7. In 2023, the Toufen plant of Taiwan VCM received recognition from the Environmental Protection Administration's Department of Environmental Sanitation for its exemplary achievements in groundwater remediation. The plant was honored as a Green Sustainable Remediation Excellence Unit, affirming its commitment to environmental stewardship and its effective management and remediation of groundwater.

8. In 2023, the Luzhu plant of Ocean Plastics Co., Ltd. successfully passed official verification and received formal documentation confirming its deregulation. This achievement marked the first completed remediation milestone for GGTC, demonstrating significant progress in environmental management and compliance.

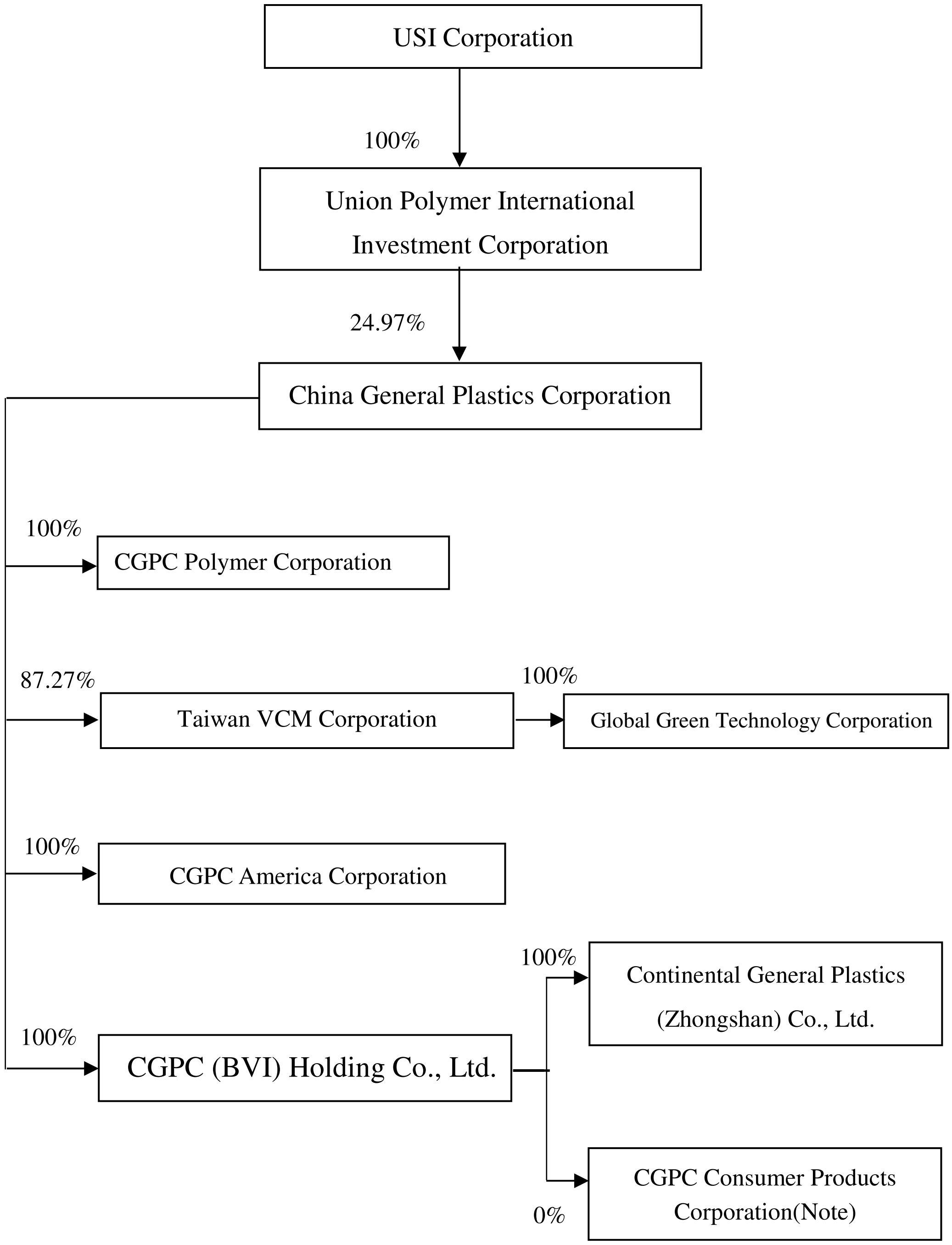
The results of the aforementioned remediation projects were formally recognized and acclaimed by scholars and experts from the Environmental Engineering Society and the Environmental Protection Construction Association. Outstanding and meritorious paper awards were presented for these achievements. Additionally, the environmental analysis laboratory received certification from the American Waters ERA for laboratory proficiency, demonstrating its robust inspection and quality control capabilities; Moreover, members of the drilling team successfully passed their exams and obtained the Well Drilling Technician License from the Water Resources Agency of the Ministry of Economic Affairs, further enhancing their professional credentials. In a continued effort to innovate, the team has developed bio-crystal sphere applications for which a patent application is currently pending. For the above information, please refer to the ESG Report or website: https://www.cgpc.com.tw/ESG/tw/soil-and-groundwater.aspx

# VIII. Special Notes

## I.Information Regarding Affiliated Companies

(I) 2023 Consolidated Business Report of Affiliated Companies

1. Organizational Structure of Affiliated Companies




Note: CGPC Consumer Products Corporation completed its dissolution and liquidation process on July 17, 2023.

## 2. Basic information of affiliates

Unit: NT$ thousand

| Name of Company | Date of Founding | Address | Paid-in Capital | Main Business or Production Items |
|---|---|---|---|---|
| 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 | 4 Latitude Way, Suite 108 Corona, CA 92881,U.S.A | 615,635 | 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 | 454,688 | 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 | 614,100 | Manufacturing and sales of PVC secondary processing, three processing products |
| CGPC Consumer Products Corporation(Note) | 2006.12.12 | No.1, Yianjiang East 2nd Road, Zhongshan Torch Hi-Tech Industrial Development Zone, Zhongshan City, Guangdong Province, China | 0 | Manufacturing and sales of PVC third processing products |
| CGPC Polymer Corporation | 2009.05.19 | 12F, No.37, JiHu Road, NeiHu District, Taipei City | 701,707 | Manufacturing & marketing of PVC resins |
| Global Green Technology Corporation | 2022.02.11 | 12F, No.37, JiHu Road, NeiHu District, Taipei City | 52,000 | Environmental detection services |

Note: CGPC Consumer Products Corporation completed its dissolution and liquidation process on July 17, 2023.

## 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 | Affiliated Company Name | 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 | Completed its dissolution and liquidation process on July 17, 2023 |
| 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:<br>1.Continental General Plastics (Zhongshan) Co., Ltd.<br>2.CGPC Consumer Products Corporation |
| Testing Services 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 | Li, 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 | Huang , Ya-I | 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 | |

| 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 |
|---|---|---|---|---|
| | Supervisor | Huang, Ya-I (appointed by CGPC (BVI) Holding Co., Ltd.) | 0/0 | |
| | General Manager | Lin, Han-Fu | 0/0 | – |
| CGPC Consumer Products Corporation | Chairman | Lin, Han-Fu (appointed by CGPC (BVI) Holding Co., Ltd.) | 0/0 | – (Completed its dissolution and liquidation process on July 17, 2023) |
| | 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 | 70,170,682/100 |
| | 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 | 5,200,000/100 |
| | Director | Lin, Han-Fu (appointed by Taiwan VCM Corporation) | 0/0 | |
| | Director | Yeh, 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. When detailing investments in subsidiary companies, the information required depends on the type of business structure of the Company being invested in. Here is how to report this information accurately:

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

## 6. 2023 Consolidated Business Report of Affiliated Companies

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 | 8,893,061 | 3,762,363 | 5,130,698 | 8,814,535 | 556,830 | 460,982 | 1.55 |
| CGPC America Corporation | 615,635 | 418,536 | 202,815 | 215,721 | 662,903 | (29,448) | (32,191) | (321,911.43) |
| CGPC (BVI) Holding Co.,Ltd. | 454,688 | 313,820 | 0 | 313,820 | 0 | (127) | (2,467) | (0.17) |
| Continental General Plastics (Zhongshan) Co., Ltd. | 614,100 | 236,980 | 6,422 | 230,558 | 0 | (16,020) | (5,754) | - |
| CGPC Consumer Products Corporation (Note 3) | 0 | 0 | 0 | 0 | 0 | (1) | 8 | - |
| CGPC Polymer Corporation | 701,707 | 2,411,746 | 1,784,785 | 626,961 | 5,034,619 | (94,842) | (74,746) | (1.07) |
| Global Green Technology Corporation | 52,000 | 61,973 | 8,429 | 53,544 | 15,181 | 1,293 | 1,280 | 0.25 |

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.

Note 3. Note: CGPC Consumer Products Corporation completed its dissolution and liquidation process on July 17, 2023.

## (II) Consolidated Financial Statements of Affiliated Companies

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

For the year 2023 (from January 1, 2023, to December 31, 2023), in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the entities required to be included in the consolidated financial statements for related enterprises are identical to those required under International Financial Reporting Standard (IFRS) 10 for the preparation of parent-subsidiary consolidated financial statements. As all relevant information required for the consolidated financial statements of related enterprises has already been disclosed in the aforementioned parent-subsidiary consolidated financial statements, there is no need to prepare separate consolidated financial statements for related enterprises.

Sincerely yours

Company name: China General Plastics Corporation

Chairman: Wu, Yi- Gui

March 5, 2024

(III) Affiliation Reports

1. Statement of Affiliation Reports

**Statement of Affiliation Reports**

For the fiscal year 2023 (from January 1, 2023, to December 31, 2023), the Company's affiliation report has been prepared in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises. Furthermore, the information disclosed in this report is consistent with the information revealed in the notes to the financial statements for the same period, with no significant discrepancies.

Sincerely yours

Company name: China General Plastics Corporation

Chairman: Wu, Yi- Gui

March 5, 2024

## 2. Independent Auditor's Opinion on Affiliation Reports

**March 21, 2024 Deloitte & Touche Audit Report No. 11302777**

**Recipient: China General Plastics Corporation**

**Subject: Opinion on the Statement of No Significant Discrepancies in the Related Information of the Affiliation Report for the Fiscal Year 2023**

**Explanation:**

(1) The Company's affiliation reports for the fiscal year of 2023 (from January 1, 2023 to December 31, 2023) was prepared on March 6, 2024 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 2023. 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, 2023, Union Polymer Int'l Investment Corp. has not pledged shares; as of the book closure date on March 30, 2024, 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 | 658 | 0.01 | - | 253 | 60 days | 253 | 60 days | - | (132) | (0.02) | - | - | - | - |

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: None.

## 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 | 2023.05~2024.04 | Operating Leases | Market Price | Monthly Payment | Same | 2,524 | Normal | None |
| | | Housing | Part of 6F-10F, No. 37 and 39, Jihu Road, Neihu District, Taipei City | 2023.01~2023.12 | Operating Leases | Market Price | Monthly Payment | Same | 2,296 | 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, 2023 and 2022, and the consolidated statement 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of 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 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, 2023. 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, 2023 are stated as follows:

<u>Authenticity of regional sales revenue recognition for specific products</u>

The Group's consolidated sales revenue in 2023 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, 2023 and 2022 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 Standards on Auditing of 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. 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 consolidated financial statements for the year ended December 31, 2023. 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 6, 2024

**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, 2023 and 2022**

Unit: NT$ thousands

| CODE | ASSETS | December 31, 2023 Amount | % | December 31, 2022 Amount | % |
|---|---|---|---|---|---|
| | Current assets | | | | |
| 1100 | Cash and cash equivalents (Note 6) | $ 1,203,186 | 7 | $ 1,276,545 | 8 |
| 1110 | Financial assets at fair value through profit or loss (FVTPL) - current (Note 7) | 941,551 | 5 | 882,742 | 5 |
| 1136 | Financial assets at amortized cost - current (Notes 9 and 29) | 960,748 | 5 | 343,024 | 2 |
| 1150 | Notes receivables (Note 10) | 139,062 | 1 | 219,522 | 1 |
| 1170 | Trade receivables (Notes 10 and 28) | 1,018,774 | 6 | 1,202,318 | 7 |
| 1200 | Other receivables (Notes 10 and 28) | 82,246 | - | 77,351 | 1 |
| 1220 | Current tax assets (Note 24) | 583 | - | 570 | - |
| 1310 | Inventories (Notes 5 and 11) | 2,527,010 | 14 | 2,562,490 | 15 |
| 1410 | Prepayments | 92,747 | 1 | 189,331 | 1 |
| 1470 | Other current assets | 838 | - | 1,158 | - |
| 11XX | Total current assets | 6,966,745 | 39 | 6,755,051 | 40 |
| | Non-current assets | | | | |
| 1517 | Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Note 8) | 63,521 | - | 71,317 | 1 |
| 1550 | Investments accounted for using the equity method (Notes 5 and 13) | 359,601 | 2 | 379,522 | 2 |
| 1600 | Property, plant and equipment (Notes 14 and 28) | 9,249,791 | 52 | 8,447,505 | 51 |
| 1755 | Right-of-use assets (Notes 15 and 28) | 144,767 | 1 | 125,418 | 1 |
| 1760 | Investment properties (Note 16) | 454,437 | 3 | 483,501 | 3 |
| 1840 | Deferred tax assets (Notes 5 and 24) | 445,588 | 3 | 381,748 | 2 |
| 1990 | Other non-current assets (Notes 20 and 29) | 65,782 | - | 39,717 | - |
| 15XX | Total non-current assets | 10,783,487 | 61 | 9,928,728 | 60 |
| 1XXX | Total Assets | $ 17,750,232 | 100 | $ 16,683,779 | 100 |

| CODE | LIABILITIES AND EQUITY | December 31, 2023 Amount | % | December 31, 2022 Amount | % |
|---|---|---|---|---|---|
| | Current Liabilities | | | | |
| 2100 | Short-term borrowings (Note 17) | $ 1,380,000 | 8 | $ 790,000 | 5 |
| 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) | 795 | - | 9,529 | - |
| 2150 | Notes payables (Note 18) | 42,018 | - | - | - |
| 2170 | Trade payables (Note 18) | 513,702 | 3 | 973,959 | 6 |
| 2180 | Trade payables to related parties (Notes 18 and 28) | 222,356 | 1 | 227,795 | 2 |
| 2200 | Other payables (Note 19) | 777,321 | 4 | 727,073 | 4 |
| 2220 | Other payables to related parties (Note 28) | 31,295 | - | 18,753 | - |
| 2230 | Current tax liabilities (Note 24) | 111,565 | 1 | 661 | - |
| 2280 | Lease liabilities (Notes 15 and 28) | 33,515 | - | 16,268 | - |
| 2322 | Long-term borrowings , current portion (Note 17) | 217,027 | 1 | - | - |
| 2399 | Other current liabilities (Note 22) | 92,237 | 1 | 144,906 | 1 |
| 21XX | Total current liabilities | 3,421,831 | 19 | 3,108,612 | 19 |
| | Non-current liabilities | | | | |
| 2540 | Long-term borrowings (Note 17) | 2,999,206 | 17 | 2,432,380 | 15 |
| 2570 | Deferred tax liabilities (Note 24) | 594,334 | 3 | 595,996 | 3 |
| 2580 | Lease liabilities (Notes 15 and 28) | 117,111 | 1 | 113,696 | 1 |
| 2640 | Net defined benefit liabilities (Note 20) | 311,996 | 2 | 330,322 | 2 |
| 2670 | Other non-current liabilities | 78,266 | - | 61,545 | - |
| 25XX | Total non-current liabilities | 4,100,913 | 23 | 3,533,939 | 21 |
| 2XXX | Total Liabilities | 7,522,744 | 42 | 6,642,551 | 40 |
| | Equity attributable to owners of the Company (Note 21) | | | | |
| 3110 | Ordinary share | 5,810,505 | 33 | 5,810,505 | 35 |
| 3200 | Capital surplus | 17,986 | - | 14,556 | - |
| | Retained earnings | | | | |
| 3310 | Legal reserve | 1,117,245 | 6 | 1,117,245 | 7 |
| 3320 | Special reserve | 408,223 | 2 | 408,223 | 2 |
| 3350 | Unappropriated retained earnings | 2,187,353 | 13 | 2,029,080 | 12 |
| 3300 | Total retained earnings | 3,712,821 | 21 | 3,554,548 | 21 |
| 3400 | Other equity | 40,165 | - | 67,163 | 1 |
| 31XX | Total equity attributable to owners of the Company | 9,581,477 | 54 | 9,446,772 | 57 |
| 36XX | Non-controlling interests | 646,011 | 4 | 594,456 | 3 |
| 3XXX | Total equity | 10,227,488 | 58 | 10,041,228 | 60 |
| | Total Liabilities and Equity | $ 17,750,232 | 100 | $ 16,683,779 | 100 |

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.

**China General Plastics Corporation and Subsidiaries**

**Consolidated Statements of Comprehensive Income**

**For the Years Ended December 31, 2023 and 2022**

Unit: NT$ thousands, except (Losses) Earnings Per Share

| | | 2023 | | 2022 | |
|---|---|---|---|---|---|
| CODE | | Amount | % | Amount | % |
| 4100 | Net revenue (Notes 22 and 28) | $ 13,707,305 | 100 | $ 17,637,479 | 100 |
| 5110 | Cost of revenue (Notes 11, 23, and 28) | 12,030,536 | 88 | 16,959,318 | 96 |
| 5900 | Gross profit | 1,676,769 | 12 | 678,161 | 4 |
| | Operating expenses (Notes 23 and 28) | | | | |
| 6100 | Selling and marketing expenses | 850,949 | 6 | 1,259,086 | 7 |
| 6200 | General and administrative expenses | 293,037 | 2 | 331,066 | 2 |
| 6300 | Research and development expenses | 72,928 | 1 | 72,479 | 1 |
| 6000 | Total operating expenses | 1,216,914 | 9 | 1,662,631 | 10 |
| 6900 | Net operating income (loss) | 459,855 | 3 | ( 984,470 ) | ( 6 ) |
| | Non-operating income and expenses (Notes 13, 23 and 28) | | | | |
| 7100 | Interest income | 31,052 | - | 10,127 | - |
| 7010 | Other income | 107,023 | 1 | 322,808 | 2 |
| 7020 | Other gains and losses | ( 50,321 ) | - | 150,954 | 1 |
| 7060 | Share of profit (loss) of associates accounted for using the equity method | ( 11,546 ) | - | 10,208 | - |
| 7510 | Interest expense | ( 69,539 ) | ( 1 ) | ( 26,810 ) | - |
| 7000 | Total non-operating income and expenses | 6,669 | - | 467,287 | 3 |
| 7900 | Net profit (loss) before income tax | 466,524 | 3 | ( 517,183 ) | ( 3 ) |
| 7950 | Income tax expense (benefit) (Note 24) | 72,850 | - | ( 179,466 ) | ( 1 ) |
| 8200 | Net profit (loss) for the year | 393,674 | 3 | ( 337,717 ) | ( 2 ) |
| | Other comprehensive income (loss) (Notes 13, 20, 21 and 24) | | | | |
| | Items that will not be reclassified subsequently to profit or loss: | | | | |
| 8311 | Remeasurement of defined benefit plans | ( 11,866 ) | - | 134,354 | 1 |
| 8316 | Unrealized losses on investments in equity instruments at FVTOCI | ( 7,796 ) | - | ( 15,834 ) | - |
| 8321 | Share of the other comprehensive income of associates accounted for using the equity method - remeasurement of defined benefit plans | 37 | - | 3,011 | - |
| 8326 | Share of the other comprehensive income of associates accounted for using the equity method - unrealized losses on investments in equity instruments at FVTOCI | ( 17,002 ) | - | ( 31,015 ) | - |
| 8349 | Income tax relating to items that will not be reclassified subsequently to profit or loss | 2,373 | - | ( 16,826 ) | - |
| 8310 | | ( 34,254 ) | - | 73,690 | 1 |
| | Items that may be reclassified subsequently to profit or loss: | | | | |
| 8361 | Exchange differences on translating the financial statements of foreign operations | ( 2,159 ) | - | 41,526 | - |
| 8371 | Share of the other comprehensive income of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations | ( 553 ) | - | 379 | - |
| 8399 | Income tax relating to items that may be reclassified subsequently to profit or loss | 432 | - | ( 8,305 ) | - |
| 8360 | | ( 2,280 ) | - | 33,600 | - |
| 8300 | Other comprehensive income (loss) for the year, net of income tax | ( 36,534 ) | - | 107,290 | 1 |
| 8500 | Total comprehensive income (loss) for the year | $ 357,140 | 3 | ( $ 230,427 ) | ( 1 ) |
| | Net profit (loss) attributable to: | | | | |
| 8610 | Owners of the Company | $ 341,916 | 2 | ( $ 370,247 ) | ( 2 ) |
| 8620 | Non-controlling interests | 51,758 | 1 | 32,530 | - |
| 8600 | | $ 393,674 | 3 | ( $ 337,717 ) | ( 2 ) |
| | Total comprehensive income (loss) attributable to: | | | | |
| 8710 | Owners of the Company | $ 305,590 | 2 | ( $ 266,133 ) | ( 1 ) |
| 8720 | Non-controlling interests | 51,550 | 1 | 35,706 | - |
| 8700 | | $ 357,140 | 3 | ( $ 230,427 ) | ( 1 ) |
| | Earnings (losses) per share (Note 25) | | | | |
| 9750 | Basic | $ 0.59 | | ( $ 0.64 ) | |
| 9850 | Diluted | $ 0.59 | | ( $ 0.64 ) | |

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.

## China General Plastics Corporation and Subsidiaries

## Consolidated Statements of Changes in Equity

## For the Years Ended December 31, 2023 and 2022

Unit: NT$ thousands

| CODE | | Equity attributable to owners of the Company | | | | | | | | | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 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 | | |
| A1 | Balance as of January 1, 2022 | $ 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 (loss) profit 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 | 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 | 594,456 | 10,041,228 |
| | Appropriation and distribution of earnings for 2022 | | | | | | | | | | | | | | |
| B5 | Cash dividends distributed by the Company | - | - | - | - | - | - | ( 174,315) | ( 174,315) | - | - | - | ( 174,315) | - | ( 174,315) |
| C7 | Changes in equity of associates accounted for using equity method | - | - | 1,333 | 1,333 | - | - | - | - | - | - | - | 1,333 | - | 1,333 |
| C17 | Other changes in capital surplus | - | 2,067 | 30 | 2,097 | - | - | - | - | - | - | - | 2,097 | 5 | 2,102 |
| D1 | Net profit in 2023 | - | - | - | - | - | - | 341,916 | 341,916 | - | - | - | 341,916 | 51,758 | 393,674 |
| D3 | Other comprehensive income (loss) in 2023, net of income tax | - | - | - | - | - | - | ( 9,328) | ( 9,328) | ( 2,280) | ( 24,718) | ( 26,998) | ( 36,326) | ( 208) | ( 36,534) |
| D5 | Total comprehensive income (loss) in 2023 | - | - | - | - | - | - | 332,588 | 332,588 | ( 2,280) | ( 24,718) | ( 26,998) | 305,590 | 51,550 | 357,140 |
| Z1 | Balance as of December 31, 2023 | $ 5,810,505 | $ 15,939 | $ 2,047 | $ 17,986 | $ 1,117,245 | $ 408,223 | $ 2,187,353 | $ 3,712,821 | ($ 21,141) | $ 61,306 | $ 40,165 | $ 9,581,477 | $ 646,011 | $10,227,488 |

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

**Notice to Readers:**

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**China General Plastics Corporation and Subsidiaries**

**Consolidated Statements of Cash Flows**

**For the Years Ended December 31, 2023 and 2022**

Unit: NT$ thousands

| CODE | | 2023 | 2022 |
|---|---|---|---|
| | Cash flows from operating activities | | |
| A10000 | Net profit (loss) before income tax | $ 466,524 | ($ 517,183 ) |
| A20010 | Adjustments for: | | |
| A20100 | Depreciation expenses | 750,349 | 697,370 |
| A20200 | Amortization expense | 20,847 | 18,084 |
| A20400 | Net gain on fair value change on financial instruments at FVTPL | ( 19,384 ) | ( 60,404 ) |
| A20900 | Interest expense | 69,539 | 26,810 |
| A21200 | Interest income | ( 31,052 ) | ( 10,127 ) |
| A21300 | Dividend income | ( 1,421 ) | ( 8,593 ) |
| A22300 | Share of (profit) loss of associates accounted for using the equity method | 11,546 | ( 10,208 ) |
| A22500 | Gain on disposal of property, plant and equipment | ( 5,409 ) | ( 1,135 ) |
| A23200 | Loss on disposal of subsidiaries | 984 | - |
| A23800 | (Reversal) provision of write downs of inventories and obsolescence losses | ( 51,610 ) | 142,081 |
| A30000 | Net changes in operating assets and liabilities | | |
| A31115 | Financial Instruments at FVTPL | ( 48,159 ) | 49,651 |
| A31130 | Notes receivable | 80,460 | 185,187 |
| A31150 | Trade receivables (including related parties) | 183,454 | 447,133 |
| A31180 | Other receivables (including related parties) | ( 1,466 ) | 61,213 |
| A31200 | Inventories | 87,176 | 426,400 |
| A31230 | Prepayments | 96,584 | 62,485 |
| A31240 | Other current assets | 320 | ( 96 ) |
| A32130 | Notes payables | 42,018 | - |
| A32150 | Trade payables (including related parties) | ( 465,656 ) | 287,038 |
| A32180 | Other payables (including related parties) | ( 24,899 ) | ( 256,971 ) |
| A32230 | Other current liabilities | ( 52,669 ) | 24,394 |
| A32240 | Net defined benefit liabilities | ( 34,720 ) | ( 52,704 ) |
| A33000 | Cash generated from operations | 1,073,356 | 1,510,425 |
| A33100 | Interest received | 27,628 | 9,252 |
| A33300 | Interest paid | ( 55,428 ) | ( 17,748 ) |
| A33500 | Income tax paid | ( 24,656 ) | ( 685,551 ) |
| AAAA | Net cash generated from operating activities | 1,020,900 | 816,378 |
| | Cash flows from investing activities | | |
| B00040 | Acquisition of financial assets at amortized cost | ( 864,409 ) | ( 835,271 ) |

(Continued)

| CODE | | 2023 | 2022 |
|---|---|---|---|
| B00050 | Proceeds from disposal of financial assets at amortized cost | $ 244,425 | $ 761,538 |
| B01800 | Acquisition of investments accounted for using equity method | ( 7,810 ) | - |
| B02700 | Payments for property, plant and equipment | ( 1,421,045 ) | ( 1,456,910 ) |
| B02800 | Proceeds from disposal of property, plant and equipment | 17,412 | 8,468 |
| B03700 | Increase in refundable deposits | ( 36,519 ) | ( 43,731 ) |
| B03800 | Decrease in refundable deposits | 31,631 | 47,538 |
| B04500 | Acquisitions of intangible assets | ( 9,974 ) | ( 192 ) |
| B05400 | Acquisition of investment properties | - | ( 1,500 ) |
| B06700 | Increase in other non-current assets | ( 27,404 ) | ( 17,148 ) |
| B07600 | Dividends received | 1,421 | 8,593 |
| BBBB | Net cash used in investing activities | ( 2,072,272 ) | ( 1,528,615 ) |
| | Cash flows from financing activities | | |
| C00100 | Increase in short-term borrowings | 590,000 | 590,000 |
| C00500 | (Decrease) increase in short-term notes and bills payable | ( 200,000 ) | 200,000 |
| C01600 | Proceeds from long-term borrowings | 3,283,965 | 3,131,800 |
| C01700 | Repayments of long-term borrowings | ( 2,500,000 ) | ( 1,570,000 ) |
| C03000 | Increase in guarantee deposits received | 8,180 | 14,347 |
| C03100 | Decrease in guarantee deposits received | ( 4,427 ) | ( 1,225 ) |
| C04020 | Repayment of the principal portion of lease liabilities | ( 31,550 ) | ( 35,614 ) |
| C04300 | Decrease in other non-current liabilities | ( 24 ) | ( 6 ) |
| C04500 | Dividends paid | ( 169,459 ) | ( 1,449,418 ) |
| C05800 | Cash dividends paid on non-controlling interests | ( 5 ) | ( 113,461 ) |
| CCCC | Net cash generated from financing activities | 976,680 | 766,423 |
| DDDD | Effects of exchange rate changes on the balance of cash held in foreign currencies | 1,333 | 2,068 |
| EEEE | Net (decrease) increase in cash and cash equivalents | ( 73,359 ) | 56,254 |
| E00100 | Cash and cash equivalents at the beginning of the year | 1,276,545 | 1,220,291 |
| E00200 | Cash and cash equivalents at the end of the year | $ 1,203,186 | $ 1,276,545 |

(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, 2023 and 2022**

(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 5, 2024.

## 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” Accounting Standards) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

(2) IFRS Accounting Standards endorsed by the FSC that are applicable starting from 2024

| New/Amended/Revised Standards and Interpretations | Effective Date Announced by IASB (Note 1) |
|---|---|
| Amendments to IFRS 16 “Lease Liabilities in a Sale and Leaseback” | January 1, 2024 (Note 2) |
| 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 |
| Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements” | January 1, 2024 (Note 3) |

Note1 Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

Note2 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.

Note3 The first application of the amendments is exempted from partial disclosure requirements.

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) IFRS Accounting Standards 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 |
| 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 21 “Lack of Exchangeability” | January 1, 2025 (Note 2) |

Note1 Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

Note2 The amendments are applied for annual reporting periods beginning on or after January 1, 2025. For initial application of the amendments, the impact is recognized in retained earnings on the date of initial application. When the Group adopts a non-functional currency as the presentation currency, the impact is adjusted to the exchange differences of foreign operations under equity on the date of initial application.

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 interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards 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 refer to Note 12 and Table 8 and Table 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.

When associates issue new shares and the Group does not subscribe to such shares to the extent that its original shareholding ratio can be changed, the difference is recorded as an adjustment to capital surplus - changes in the net value of shares in associates accounted for using the equity method and other investments accounted for using the equity method. If the amount of ownership interests in associates is not subscribed for or obtained in proportion to the shareholding ratio, the amount of the related assets or liabilities shall be recognized in other comprehensive income. The basis of the accounting treatment is the same as that of the associates. The difference in the balance of the capital reserve accounted for using the equity method shall be recognized in retained earnings.

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 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 Property

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. 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) Equity 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.

<u>Financial liabilities at FVTPL</u>

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) Post-employment 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 and loss carryforwards.

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 tax 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 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) Taxation

As of December 31, 2023 and 2022, the carrying amounts of deferred tax assets in relation to unused tax losses were $445,588 thousand and $381,748 thousand, respectively. Due to the unpredictability of future profit streams, as of December 31, 2023 and 2022, there were still loss carryforwards and deductible temporary differences of $205,845 thousand and $210,775 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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Cash on hand and petty cash | $ 399 | $ 434 |
| Checking accounts and demand deposits | 340,451 | 399,998 |
| Cash equivalents | | |
| Time deposits | 237,251 | 370,363 |
| Reverse repurchase agreements collateralized by bonds | 625,085 | 505,750 |
| | $ 1,203,186 | $ 1,276,545 |

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:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Time deposits | 1.35%-5.45% | 4.02%-4.70% |
| Reverse repurchase agreements collateralized by bonds | 1.32%-1.55% | 1.10%-1.15% |

## 7. Financial Instruments at FVTPL

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Financial assets mandatorily classified as at FVTPL | | |
| Derivative financial assets (not under hedge accounting) | | |
| －Foreign exchange forward contracts | $ 77 | $ 40 |
| Non-derivative financial assets | | |
| －Mutual Funds | 784,565 | 809,600 |
| －Beneficiary securities | 67,309 | 54,186 |
| －Domestic listed equity investments | 89,600 | 18,916 |
| －Overseas unlisted equity investments | - | - |
| | $ 941,551 | $ 882,742 |
| Financial liabilities held for trading | | |
| Derivative financial liabilities (not under hedge accounting) | | |
| －Foreign exchange forward contracts | $ 795 | $ 9,529 |

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) |
|---|---|---|---|
| December 31, 2023 | | | |
| Buy | NTD/USD | 2024.01.10-2024.02.20 | NTD 92,539 /USD 3,000 |
| December 31, 2022 | | | |
| Buy | NTD/USD | 2023.01.03-2023.02.23 | NTD 672,391 /USD 21,620 |

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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Domestic equity investments | | |
| Listed ordinary shares | | |
| Asia Polymer Corporation | $ 3,047 | $ 3,673 |
| Unlisted ordinary share | | |
| KHL IB Venture Capital Co., Ltd. | 60,474 | 67,644 |
| | $ 63,521 | $ 71,317 |

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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Domestic equity investments | | |
| Pledged time deposits | $ 283,707 | $ 343,024 |
| Time deposits with maturity over 3 months | 71,410 | - |
| Reverse repurchase agreements collateralized by bonds with maturities over 3 months | 605,631 | - |
| | $ 960,748 | $ 343,024 |

Financial assets at amortized cost - current at the end of the reporting period were as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Pledged time deposits | 0.535%-1.530% | 0.190%-1.405% |
| Time deposits with maturity over 3 months | 1.250%-5.720% | - |
| Reverse repurchase agreements collateralized by bonds with maturities over 3 months | 1.500%-1.610% | - |

Refer to Note 29 for information related to financial assets at amortized cost pledged as security.

## 10. Notes Receivable, Trade Receivables and Other Receivables

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Notes receivable | | |
| Notes receivable - operating | $ 139,062 | $ 219,522 |
| | | |
| Trade receivables (including related parties) (Note 28) | | |
| At amortized cost | | |
| Gross carrying amount | $ 1,031,738 | $ 1,215,387 |
| Less: Allowance for impairment loss | ( 12,964 ) | ( 13,069 ) |
| | $ 1,018,774 | $ 1,202,318 |
| | | |
| Other receivables (including related parties) (Note 28) | | |
| Tax refunds receivables | $ 75,211 | $ 71,638 |
| Interest receivable | 4,610 | 1,186 |
| Others | 2,425 | 4,527 |
| | $ 82,246 | $ 77,351 |

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 trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade 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 trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery. For trade 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:

December 31, 2023

| | Credit Rating A | Credit Rating B | Credit Rating C | Others | Total |
|---|---|---|---|---|---|
| Gross carrying amount | $ 171,065 | $ 316,590 | $ 180,837 | $ 502,308 | $ 1,170,800 |
| Loss allowance (lifetime ECLs) | - | ( 3,550) | ( 3,649) | ( 5,765) | ( 12,964) |
| Amortized cost | $ 171,065 | $ 313,040 | $ 177,188 | $ 496,543 | $ 1,157,836 |

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 | $ 231,529 | $ 379,252 | $ 214,671 | $ 596,388 | $ 1,421,840 |

The aging of notes receivable and trade receivables was as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Not past due | $ 1,134,146 | $ 1,328,087 |
| Less than and including 60 days | 36,489 | 102,053 |
| Over 60 days | 165 | 4,769 |
| | $ 1,170,800 | $ 1,434,909 |

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:

| | 2023 | 2022 |
|---|---|---|
| Balance at January 1 | $ 13,069 | $ 12,917 |
| Less: Amounts written off for the year | ( 109 ) | ( 88 ) |
| Foreign exchange gains and losses | 4 | 240 |
| Balance at December 31 | $ 12,964 | $ 13,069 |

## 11. Inventories

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Finished goods | $ 1,925,087 | $ 1,744,503 |
| Work in progress | 58,186 | 63,280 |
| Raw materials | 543,737 | 754,707 |
| | $ 2,527,010 | $ 2,562,490 |

For the years ended December 31, 2023 and 2022, the costs of goods sold for inventories amounted to $12,030,536 thousand and $16,959,318 thousand, respectively. For the years ended December 31, 2023 and 2022, the costs of goods sold included reversal of allowance for write-downs of inventories and obsolescence losses amounted to $51,610 thousand and provisions of allowance for write-downs of inventories and obsolescence losses amounted to $142,081 thousand, respectively. The reversal of write-downs of inventories and obsolescence losses are resulted by the recovery of inventory prices.

## 12. Subsidiary

Subsidiaries included in the consolidated financial statements, and the subject of the consolidated financial statements is as follows:

| | | | Proportion of Ownership (%) | | |
|---|---|---|---|---|---|
| Investor Company | Subsidiary | Nature of Activities | December 31, 2023 | December 31, 2022 | Note |
| 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 |

| | | | | | |
|---|---|---|---|---|---|
| The Company | CGPC（BVI）Holding Co., Ltd.(“CGPC (BVI)”) | Reinvestment | 100.00% | 100.00% | Subsidiary (Note 2) |
| 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% | 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) |
| CGPC（BVI） | CGPC Consumer Products Corporation ("CGPC (CP)") | Manufacturing and marketing of PVC consumer products | - | 100.00% | Subsidiary of CGPC (BVI) (Note 4) |

Note1 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. On November 27, 2023, the board of directors of CGPCPOL resolved to reduce capital to make up its losses of $298,293 thousand and to eliminate 29,829 thousand issued shares. The base date for capital reduction was November 28, 2023.

Note2 On November 21, 2023, the board of directors of CGPC (BVI) resolved to reduce capital to make up its losses and return part of the share capital, totaling USD1,500 thousand.

Note3 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. On May 22, 2023, the shareholders’ meeting executed by the board of directors of GGTC by proxy resolved to re-capitalize earnings of $2,000 thousand to issue 200 thousand new shares, with a record date set on August 7, 2023.

Note4 The liquidation of CGPC (CP) was completed on July 17, 2023.

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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Listed companies | | |
| Acme Electronics Corporation ("ACME") | $ 29,629 | $ 23,911 |
| Unlisted companies | | |
| China General Terminal & Distribution Corporation ("CGTD") | 329,972 | 355,611 |
| | $ 359,601 | $ 379,522 |

Aggregate information of associates that are not individually material

| | 2023 | 2022 |
|---|---|---|
| The Group's share of: | | |
| Profit (loss) for the year | ( $ 11,546 ) | $ 10,208 |
| Other comprehensive loss | ( 17,518 ) | ( 27,625 ) |
| Total comprehensive loss | ( $ 29,064 ) | ( $ 17,417 ) |

At the end of the reporting periods, the percentage of ownership and voting rights held by the Group in the associates were as follows:

| Company name | December 31, 2023 | December 31, 2022 |
|---|---|---|
| ACME | 1.67% | 1.74% |
| CGTD | 33.33% | 33.33% |

The Group did not subscribe for the cash capital increase of ACME in proportion to its shareholding, resulting in a decrease in the shareholding ratio from 1.74% to 1.67%, with the base date of capital increase on January 16, 2023.

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:

| Company name | December 31, 2023 | December 31, 2022 |
|---|---|---|
| ACME | $ 89,520 | $ 76,066 |

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, 2023 and 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 |
|---|---|---|---|---|---|---|---|
| Cost | | | | | | | |
| Balance as of January 1, 2023 | $ 2,090,707 | $ 1,814,185 | $ 11,033,392 | $ 72,034 | $ 432,027 | $ 3,271,392 | $ 18,713,737 |
| Additions | - | 821 | 486 | - | 360 | 1,503,491 | 1,505,158 |
| Disposal | - | (59,564) | (593,667) | (2,403) | (9,802) | - | (665,436) |
| Reclassification | - | 117,777 | 2,176,654 | 4,772 | 17,809 | (2,317,012) | - |
| Effect of foreign currency exchange differences | - | (1) | (539) | (30) | (46) | (7) | (623) |
| Balance as of December 31, 2023 | $ 2,090,707 | $ 1,873,218 | $ 12,616,326 | $ 74,373 | $ 440,348 | $ 2,457,864 | $ 19,552,836 |
| Accumulated depreciation and impairment | | | | | | | |
| Balance as of January 1, 2023 | $ - | $ 1,126,629 | $ 8,748,937 | $ 55,551 | $ 334,688 | $ 427 | $ 10,266,232 |
| Depreciation expenses | - | 70,063 | 584,358 | 6,758 | 29,705 | - | 690,884 |
| Disposal | - | (58,826) | (583,079) | (2,403) | (9,125) | - | (653,433) |
| Effect of foreign currency exchange differences | - | (7) | (540) | (34) | (50) | (7) | (638) |
| Balance as of December 31, 2023 | $ - | $ 1,137,859 | $ 8,749,676 | $ 59,872 | $ 355,218 | $ 420 | $ 10,303,045 |
| Net amount as of December 31, 2023 | $ 2,090,707 | $ 735,359 | $ 3,866,650 | $ 14,501 | $ 85,130 | $ 2,457,444 | $ 9,249,791 |
| Cost | | | | | | | |
| 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 | $ 2,090,707 | $ 1,814,185 | $ 11,033,392 | $ 72,034 | $ 432,027 | $ 3,271,392 | $ 18,713,737 |
| Accumulated depreciation and impairment | | | | | | | |
| 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 | $ - | $ 1,126,629 | $ 8,748,937 | $ 55,551 | $ 334,688 | $ 427 | $ 10,266,232 |
| Net amount as of December 31, 2022 | $ 2,090,707 | $ 687,556 | $ 2,284,455 | $ 16,483 | $ 97,339 | $ 3,270,965 | $ 8,447,505 |

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, 2023 and 2022.

## 15. Lease Arrangements

(1) Right-of-use assets

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Carrying amount of right-of-use assets | | |
| Land | $ 117,272 | $ 125,063 |
| Buildings | 20,613 | 355 |
| Machinery and Equipment | 6,882 | - |
| | $ 144,767 | $ 125,418 |

| | 2023 | 2022 |
|---|---|---|
| Additions of right-of-use assets | $ 52,156 | $ 4,512 |
| Depreciation expense of right-of-use assets | | |
| Land | $ 20,938 | $ 22,225 |
| Buildings | 5,057 | 4,139 |
| Machinery and Equipment | 6,882 | 9,117 |
| | $ 32,877 | $ 35,481 |

Except for the addition and recognition of depreciation expense, the Group's right-of-use assets did not experience significant sub-lease and impairment in 2023 and 2022.

(2) Lease liabilities

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Carrying amount of lease liabilities | | |
| Current | $ 33,515 | $ 16,268 |
| Non-current | $ 117,111 | $ 113,696 |

Range of discount rate for lease liabilities was as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Land | 0.8244%-2.0500% | 0.8244%-1.2750% |
| Buildings | 1.0392%-8.0000% | 1.0392% |
| Machinery and Equipment | 1.9250% | - |

(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

| | 2023 | 2022 |
|---|---|---|
| Expenses relating to short-term leases | $ 14,265 | $ 13,174 |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | $ 68,464 | $ 80,757 |
| Total cash outflow for leases | ( $ 117,331 ) | ( $ 131,050 ) |

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 so no corresponding right of use assets and lease liabilities are recognized for these leases.

## 16. Investment Property

| | Land | Buildings and Improvements | Right-of-use assets | Total |
|---|---|---|---|---|
| Cost | | | | |
| Balance as of January 1, 2023 | $ 118,186 | $ 610,791 | $ 97,122 | $ 826,099 |
| Disposal | ( 254) | - | - | ( 254) |
| Effect of foreign currency exchange differences | - | ( 5,349) | ( 1,634) | ( 6,983) |
| Balance as of December 31, 2023 | $ 117,932 | $ 605,442 | $ 95,488 | $ 818,862 |
| Accumulated depreciation | | | | |
| Balance as of January 1, 2023 | $ - | $ 328,963 | $ 13,635 | $ 342,598 |
| Depreciation expenses | - | 23,237 | 3,351 | 26,588 |
| Effect of foreign currency exchange differences | - | ( 4,465) | ( 296) | ( 4,761) |
| Balance as of December 31, 2023 | $ - | $ 347,735 | $ 16,690 | $ 364,425 |
| Net amount as of December 31, 2023 | $ 117,932 | $ 257,707 | $ 78,798 | $ 454,437 |
| Cost | | | | |
| 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 | - | 4,895 | 1,495 | 6,390 |
| Balance as of December 31, 2022 | $ 118,186 | $ 610,791 | $ 97,122 | $ 826,099 |
| Accumulated depreciation | | | | |
| 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 | - | 3,635 | 139 | 3,774 |
| Balance as of December 31, 2022 | $ - | $ 328,963 | $ 13,635 | $ 342,598 |
| Net amount as of December 31, 2022 | $ 118,186 | $ 281,828 | $ 83,487 | $ 483,501 |

The Group's investment properties are 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, 2023 and 2022 is as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Year 1 | $ 44,080 | $ 36,600 |
| Year 2 | 32,456 | 14,227 |
| Year 3 | 25,647 | 10,970 |
| Year 4 | 25,647 | 10,970 |
| Year 5 | 25,648 | 10,970 |
| Over 5 years | 12,824 | 16,455 |
| | $ 166,302 | $ 100,192 |

Except for the recognition of depreciation expense, the Group's investment properties did not experience significant additions, disposals, and impairments in 2023 and 2022.

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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Unsecured borrowings | | |
| Bank loans | $ 1,380,000 | $ 790,000 |
| | | |
| The range of interest rate | 1.659%-1.738% | 1.639%-1.949% |

(2) Short-term notes and bills payable

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Commercial note payable | $ - | $ 200,000 |
| Less: Discount on commercial note payable | - | ( 332 ) |
| | $ - | $ 199,668 |
| | | |
| The range of interest rate | - | 1.660%-1.722% |

(3) Long-term borrowings

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Unsecured borrowings | | |
| Bank loans | $ 3,216,233 | $ 2,432,380 |
| Less: Portion listed as due within 1 year | ( 217,027 ) | - |
| | $ 2,999,206 | $ 2,432,380 |
| | | |
| The range of interest rate | 0.893%-1.250% | 0.761%-1.780% |

Based on "Action Plan for Accelerated Investment by Domestic Corporations," the Company obtained a low-interest bank loan of $1,451,200 thousand, and it recognized and measured the loan according to the market interest rate. The difference between the actual interest paid and the preferential interest rate shall be treated as government subsidies. As of December 31, 2023, it has made drawdowns of $634,565 thousand.

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. The difference between the actual interest paid and the preferential interest rate shall be treated as government subsidies. As of December 31, 2023, it has made drawdowns of $2,611,400 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, 2023, the Group has not defaulted on any of the aforementioned financial ratios.

## 18. Notes/Trade Payables

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Notes payables | | |
| Operating | $ 42,018 | $ - |
| | | |
| Trade payables (including related parties) (Note 28) | | |
| Operating | $ 736,058 | $ 1,201,754 |

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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Payables for purchases of equipment | $ 218,464 | $ 134,351 |
| Payables for salaries or bonuses | 208,818 | 183,204 |
| Payables for utilities and fuel fees | 132,098 | 139,293 |
| Payables for freight | 68,192 | 77,039 |
| Dividends payable | 12,337 | 9,438 |
| Miscellaneous tax payable | 5,758 | 6,142 |
| Others | 131,654 | 177,606 |
| | $ 777,321 | $ 727,073 |

## 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:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Present value of defined benefit obligation | $ 1,139,930 | $ 1,231,937 |
| Fair value of plan assets | ( 832,462 ) | ( 901,615 ) |
| Net defined benefit liabilities | $ 307,468 | $ 330,322 |

The summary by financial statement account was as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Net defined benefit assets－non-current | ( $ 4,528 ) | $ - |
| Net defined benefit liabilities－non-current | 311,996 | 330,322 |
| Defined benefit plans, net | $ 307,468 | $ 330,322 |

Changes of net defined benefit liabilities (assets) were as follows:

| | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit liabilities (assets) |
|---|---|---|---|
| Balance as of January 1, 2022 | $ 1,399,384 | ( $ 882,004 ) | $ 517,380 |
| Service costs for the current period | 9,976 | - | 9,976 |
| Interest expense (income) | 6,762 | ( 4,333 ) | 2,429 |
| Components recognized in profit or loss | 16,738 | ( 4,333 ) | 12,405 |
| 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 | 12,063 | - | 12,063 |
| Components recognized in other comprehensive income | ( 61,829 ) | ( 72,525 ) | ( 134,354 ) |
| Contribution by the employer | - | ( 65,109 ) | ( 65,109 ) |
| Benefits paid from plan assets | ( 122,356 ) | 122,356 | - |
| Balance as of December 31, 2022 | 1,231,937 | ( 901,615 ) | 330,322 |
| Service costs for the current period | 7,848 | - | 7,848 |
| Interest expense (income) | 16,238 | ( 12,126 ) | 4,112 |
| Components recognized in profit or loss | 24,086 | ( 12,126 ) | 11,960 |

(Continued)

| | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit liabilities (assets) |
|---|---|---|---|
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest expense) | $ - | ( $ 6,765 ) | ( $ 6,765 ) |
| Actuarial loss - changes in financial assumptions | 9,586 | - | 9,586 |
| Actuarial loss - experience adjustments | 9,045 | - | 9,045 |
| Components recognized in other comprehensive income | 18,631 | ( 6,765 ) | 11,866 |
| Contribution by the employer | - | ( 46,461 ) | ( 46,461 ) |
| Benefits paid from plan assets | ( 134,505 ) | 134,505 | - |
| Benefits paid from company | ( 219 ) | - | ( 219 ) |
| Balance as of December 31, 2023 | $ 1,139,930 | ( $ 832,462 ) | $ 307,468 |

(Concluded)

Amounts recognized in profit or loss for defined benefit plan are summarized by functions as follows:

| | 2023 | 2022 |
|---|---|---|
| Operating costs | $ 10,036 | $ 10,327 |
| Selling and marketing expenses | 1,168 | 1,219 |
| General and administrative expenses | 346 | 459 |
| Research and development expenses | 410 | 400 |
| | $ 11,960 | $ 12,405 |

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:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Discount rate | 1.250% | 1.375% |
| Average long-term salary adjustment rate | 2.500%-2.750% | 2.500%-2.750% |

If changes occur in major actuarial assumptions with other assumptions unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Discount rate | | |

| | | |
|---|---|---|
| Increase by 0.25% | ( $ 19,040 ) | ( $ 21,267 ) |
| Decrease by 0.25% | $ 19,577 | $ 21,882 |
| Average long-term salary adjustment rate | | |
| Increase by 0.25% | $ 18,980 | $ 21,236 |
| Decrease by 0.25% | ( $ 18,556 ) | ( $ 20,746 ) |

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.

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Expected amount of contribution within 1 year | $ 45,581 | $ 62,555 |
| Average duration of defined benefit obligations | 6.6 - 7.9 years | 6.8 - 8.0 years |

**21. Equity**

(1) Ordinary shares

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Number of shares authorized (in thousands) | 650,000 | 650,000 |
| Share authorized | $ 6,500,000 | $ 6,500,000 |
| Number of shares issued and fully paid (in thousands) | 581,050 | 581,050 |
| Share issued | $ 5,810,505 | $ 5,810,505 |

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 and which generated from investments in associates accounted for using the equity method may be used only to offset previous deficits.

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, 2022 and 2021 on May 26, 2023 and May 30, 2022 as follows:

| | Appropriation of Earnings | | Dividends Per Share (NT$) | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Legal reserve | $ - | $ 246,913 | | |
| Cash dividends | 174,315 | 1,452,626 | $ 0.3 | $ 2.5 |

On March 5, 2024, the Board of Directors proposed the distribution of earnings for the year ended December 31, 2023 as follows:

| | Appropriation of Earnings | Dividends Per Share (NT$) |
|---|---|---|
| Legal reserve | $ 33,259 | |
| Cash dividends | 203,368 | $ 0.35 |

The distribution of earnings for the year ended December 31, 2023 is subject to the resolution in the shareholders' meeting on May 28, 2024.

(4) Special reserve

The Company appropriated a special reserve in the amount of $428,727 thousand, $408,223 thousand after offsetting a deficit, from the net increase of retained earnings arising from the initial adoption of IFRS Accounting Standards. As of December 31, 2023, such amount has not changed.

(5) Other Equity

1) Exchange differences on translating the financial statements of foreign operations

| | 2023 | 2022 |
|---|---|---|
| Balance at January 1 | ( $ 18,861 ) | ( $ 52,461 ) |
| Recognized for the year | | |
| Exchange differences on translating the | ( 2,159 ) | 41,526 |

| | 2023 | 2022 |
|---|---|---|
| financial statements of foreign operations | | |
| Share of exchange of differences of associates accounted for using the equity method | ( 553 ) | 379 |
| Related income tax | 432 | ( 8,305 ) |
| Balance at December 31 | ( $ 21,141 ) | ( $ 18,861 ) |

2) Unrealized gains (losses) on financial assets at FVTOCI

| | 2023 | 2022 |
|---|---|---|
| Balance at January 1 | $ 86,024 | $ 132,733 |
| Recognized for the year | | |
| Unrealized losses equity Instruments | ( 7,716 ) | ( 15,694 ) |
| Share of exchange of differences associates accounted for using the equity method | ( 17,002 ) | ( 31,015 ) |
| Balance at December 31 | $ 61,306 | $ 86,024 |

(6) Non-controlling interests

| | 2023 | 2022 |
|---|---|---|
| Balance at January 1 | $ 594,456 | $ 672,292 |
| Net profit for the year | 51,758 | 32,530 |
| Other comprehensive income (loss) for the year | | |
| Unrealized gains (losses) on financial assets at FVTOCI | ( 80 ) | ( 140 ) |
| Remeasurement of defined benefit plans | ( 128 ) | 3,316 |
| Changes in capital surplus | 5 | 13 |
| Distribution of Cash dividends | - | ( 113,555 ) |
| Balance at December 31 | $ 646,011 | $ 594,456 |

## 22. Revenue

(1) Revenue from contracts with customers

| | 2023 | 2022 |
|---|---|---|
| Revenue from the sale of goods | | |
| PVC products | $ 12,978,612 | $ 16,648,264 |
| VCM products | 728,693 | 989,215 |
| | $ 13,707,305 | $ 17,637,479 |

Revenue of the Group 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, 2023 | December 31, 2022 | January 1, 2022 |
|---|---|---|---|
| Contract liabilities (presented in other current liabilities) | $ 47,011 | $ 101,549 | $ 76,557 |

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, 2023 | December 31, 2022 |
|---|---|---|
| Refunds liabilities (presented in other current liabilities) | $ 23,490 | $ 21,246 |

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

| | 2023 | 2022 |
|---|---|---|
| Bank deposits | $ 17,617 | $ 5,514 |
| Financial assets at FVTPL | 1,510 | 1,110 |
| Financial assets at amortized cost | 3,543 | 835 |
| Others | 8,382 | 2,668 |
| | $ 31,052 | $ 10,127 |

(2) Other income

| | 2023 | 2022 |
|---|---|---|
| Rental income | $ 51,871 | $ 50,202 |
| Indemnity income | 7,357 | 240,712 |
| Dividend income | 1,421 | 8,593 |
| Others | 46,374 | 23,301 |
| | $ 107,023 | $ 322,808 |

(3) Other gains and losses

| | 2023 | 2022 |
|---|---|---|
| Gains on disposal of property, plant and equipment | $ 5,409 | $ 1,135 |
| Gross foreign exchange gains | 155,836 | 310,176 |
| Gross foreign exchange losses | ( 128,960 ) | ( 178,645 ) |
| Net gains on fair value change on financial instruments at FVTPL | 19,384 | 60,404 |
| Depreciation expenses from investment properties | ( 26,588 ) | ( 28,463 ) |
| Depreciation expenses of property, plant and equipment | ( 4,045 ) | ( 2,023 ) |
| Losses on disposal of subsidiaries | ( 984 ) | - |
| Others | ( 70,373 ) | ( 11,630 ) |
| | ( $ 50,321 ) | $ 150,954 |

(4) Interest expense

| | 2023 | 2022 |
|---|---|---|
| Interest on bank loans | $ 70,928 | $ 25,947 |
| Interest on lease liabilities | 3,052 | 1,505 |
| Less: Capitalized interest (presented under construction in progress) | ( 4,441 ) | ( 642 ) |
| | $ 69,539 | $ 26,810 |

Information about capitalized interest was as follows:

| | 2023 | 2022 |
|---|---|---|
| Capitalized interest | $ 4,441 | $ 642 |
| Capitalization rate | 0.850%-1.715% | 0.500%-1.000% |

(5) Depreciation and amortization

| | 2023 | 2022 |
|---|---|---|
| Property, plant, and equipment | $ 690,884 | $ 633,426 |
| Right-of-use assets | 32,877 | 35,481 |
| Investment property | 26,588 | 28,463 |
| Intangible assets | 952 | 59 |
| Others | 19,895 | 18,025 |
| | $ 771,196 | $ 715,454 |
| Analysis of depreciation by function | | |
| Operating costs | $ 698,617 | $ 645,465 |
| Operating expenses | 21,099 | 21,419 |
| Other gains and losses | 30,633 | 30,486 |
| | $ 750,349 | $ 697,370 |
| Analysis of amortization by function | | |
| Operating costs | $ 20,783 | $ 18,025 |
| Operating expenses | 64 | 59 |
| | $ 20,847 | $ 18,084 |

(6) Employee benefits expense

| | 2023 | 2022 |
|---|---|---|
| Post-employment benefits (Note 20) | | |
| Defined contribution plans | $ 32,307 | $ 31,635 |
| Defined benefit plans | 11,960 | 12,405 |
| | 44,267 | 44,040 |
| Other employee benefits | 1,085,296 | 1,068,667 |
| Total employee benefits expenses | $ 1,129,563 | $ 1,112,707 |
| Analysis of employee benefits expense by function | | |
| Operating costs | $ 894,105 | $ 876,826 |
| Operating expenses | 235,458 | 235,881 |
| | $ 1,129,563 | $ 1,112,707 |

(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 December 31, 2022, the remuneration of employees and directors were not accrued due to the deficit.

The remuneration of employees and directors for 2023, approved by the Company's board of directors on March 5, 2024 was as follows:

Accrual rate

| | 2023 |
|---|---|
| Remuneration of Employees | 1% |
| Remuneration of Directors | - |

Amount of Cash

| | 2023 |
|---|---|
| Remuneration of Employees | $ 3,130 |

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 year ended December 31, 2021.

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. Taxation

(1) Income tax expense recognized in profit or loss

Major components of income tax expenses (benefits) are as follows:

| | 2023 | 2022 |
|---|---|---|
| Current tax | | |
| In respect of the current year | $ 114,880 | $ 2,091 |
| Adjustments for prior periods | 20,667 | ( 4,423 ) |
| | 135,547 | ( 2,332 ) |
| Deferred tax | | |
| In respect of the current year | ( 62,655 ) | ( 177,644 ) |
| Adjustments for prior periods | ( 42 ) | 510 |
| | ( 62,697 ) | ( 177,134 ) |
| Income tax expense (benefit) recognized in profit or loss | $72,850 | ( $ 179,466 ) |

Reconciliation between accounting income and current income tax expenses (benefits) is as follows:

| | 2023 | 2022 |
|---|---|---|
| Net profit (loss) before income tax | $ 466,524 | ($ 517,183) |
| Income tax expenses (benefits) calculated at the statutory rate | $ 161,523 | ($ 208,369) |
| Domestic investments recognized under equity method | ( 113,650) | 57,220 |
| Tax-exempted income | ( 2,014) | ( 3,481) |
| Gains (losses) on financial assets | ( 76) | 1,487 |
| Fees that cannot be deducted from taxes | 91 | 1,259 |
| Unrecognized deductible temporary differences | 6,351 | ( 23,669) |
| Adjustments for prior periods | 20,625 | ( 3,913) |
| Income tax expenses (benefits) recognized in profit or loss | $ 72,850 | ($ 179,466) |

(2) Income tax recognized in other comprehensive income

| | 2023 | 2022 |
|---|---|---|
| Deferred tax | | |
| In respect of the current year | | |
| －Translation of foreign operations | $ 432 | ($ 8,305) |
| －Remeasurement of defined benefit plans | 2,373 | ( 16,826) |
| Income tax recognized in other comprehensive income | $ 2,805 | ($ 25,131) |

(3) Current tax assets and liabilities

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Current tax assets | | |
| Tax refunds receivables | $ 583 | $ 570 |
| Current tax liabilities | | |
| Income tax payable | $ 111,565 | $ 661 |

(4) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities were as follows:

2023

| Deferred tax assets | Balance at January 1 | Components recognized in profit or loss | Components recognized in other comprehensive income | Balance at December 31 |
|---|---|---|---|---|
| Temporary differences | | | | |
| Allowance for inventory write-down | $ 48,738 | ( $ 8,694 ) | $ - | $ 40,044 |
| Investment accounted for equity method | 115,684 | ( 411 ) | 432 | 115,705 |
| Deferred revenue | 6,167 | 1,923 | - | 8,090 |
| Refunds liabilities | 4,249 | 396 | - | 4,645 |
| Defined benefit pension plans | 66,065 | ( 6,039 ) | 2,373 | 62,399 |
| Holiday benefits payable | 10,818 | ( 529 ) | - | 10,289 |
| Loss carryforwards | 124,960 | 71,515 | - | 196,475 |
| Others | 5,067 | 2,874 | - | 7,941 |
| | $ 381,748 | $ 61,035 | $ 2,805 | $ 445,588 |

| Deferred tax liabilities | Balance at January 1 | Components recognized in profit or loss | Components recognized in other comprehensive income | Balance at December 31 |
|---|---|---|---|---|
| Temporary differences | | | | |
| Revaluation increments of land | $ 592,084 | $ - | $ - | $ 592,084 |
| Others | 3,912 | ( 1,662 ) | - | 2,250 |
| | $ 595,996 | ( $ 1,662 ) | $ - | $ 594,334 |

2022

| Deferred tax assets | Balance at January 1 | Components recognized in profit or loss | Components recognized in other comprehensive income | Balance at December 31 |
|---|---|---|---|---|
| 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 pension plans | 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 |
| | $ 228,381 | $ 178,498 | ( $ 25,131 ) | $ 381,748 |

| Deferred tax liabilities | Balance at January 1 | Components recognized in profit or loss | Components recognized in other comprehensive income | Balance at December 31 |
|---|---|---|---|---|
| Temporary differences | | | | |
| Revaluation increments of land | $ 592,084 | $ - | $ - | $ 592,084 |
| Others | 2,548 | 1,364 | - | 3,912 |
| | $ 594,632 | $ 1,364 | $ - | $ 595,996 |

(5) Deductible temporary differences and unused loss carryforwards, which were not recognized in deferred tax assets of the consolidated balance sheets

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Loss carryforwards | $ 163,725 | $ 170,034 |
| | | |
| Deductible temporary differences | | |
| Write downs of inventories and obsolescence losses | $ 19,006 | $ 24,261 |
| Others | 23,114 | 16,480 |
| | $ 42,120 | $ 40,741 |

(6) Information on unused loss carryforwards

As of December 31, 2023, the Group's unused loss carryforwards were $1,146,102 thousand which will expire in succession before 2043.

(7) Income tax assessments

The income tax returns of the Company, CGPCPOL and TVCM through 2021 have been assessed by the tax authorities.

## 25. Earnings (Losses) Per Share

Unit: NT$ Per Share

| | 2023 | 2022 |
|---|---|---|
| Basic earnings (losses) per share | $ 0.59 | ( $ 0.64 ) |
| Diluted earnings (losses) per share | $ 0.59 | ( $ 0.64 ) |

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

| | 2023 | 2022 |
|---|---|---|
| The net profit (loss) used to calculate basic and diluted earnings (losses) per share | $ 341,916 | ( $ 370,247 ) |

Shares

Unit: Thousands of shares

| | 2023 | 2022 |
|---|---|---|
| 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 | 140 | - |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | 581,190 | 581,050 |

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 the state of 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, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at FVTPL | | | | |
| Derivative financial assets | $ - | $ 77 | $ - | $ 77 |
| Mutual Funds | 784,565 | - | - | 784,565 |
| Beneficiary securities | 67,309 | - | - | 67,309 |
| Investments in equity instruments | | | | |
| —Domestic listed equity investments | 89,600 | - | - | 89,600 |
| —Overseas unlisted equity investments | - | - | - | - |
| | $ 941,474 | $ 77 | $ - | $ 941,551 |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| —Domestic listed (OTC) Ordinary shares | $ 3,047 | $ - | $ - | $ 3,047 |
| —Domestic unlisted equity investments | - | - | 60,474 | 60,474 |
| | $ 3,047 | $ - | $ 60,474 | $ 63,521 |
| Financial liabilities at FVTPL | | | | |
| Derivative financial liabilities | $ - | $ 795 | $ - | $ 795 |

December 31, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at FVTPL | | | | |
| 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 | - | - | - | - |
| | $ 882,702 | $ 40 | $ - | $ 882,742 |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| —Domestic listed (OTC) Ordinary shares | $ 3,673 | $ - | $ - | $ 3,673 |
| —Domestic unlisted equity investments | - | - | 67,644 | 67,644 |
| | $ 3,673 | $ - | $ 67,644 | $ 71,317 |
| Financial liabilities at FVTPL | | | | |
| Derivative financial liabilities | $ - | $ 9,529 | $ - | $ 9,529 |

There were no transfers between Levels 1 and 2 fair value measurement for the years ended December 31, 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial instruments

2023

| | Financial assets at FVTOCI |
|---|---|
| Balance at January 1 | $ 67,644 |
| Components recognized in other comprehensive income | ( 7,170 ) |
| Balance at December 31 | $ 60,474 |

2022

| | Financial assets at FVTOCI |
|---|---|
| Balance at January 1 | $ 82,377 |
| Components recognized in other comprehensive income | ( 14,733 ) |
| Balance at December 31 | $ 67,644 |

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% as of December 31, 2023 and 2022. When other inputs remain unchanged, the fair value will decrease by $711 thousand and $796 thousand, respectively if the discount for lack of marketability increases by 1%.

(3) Categories of financial instruments

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Financial assets | | |
| Financial assets at FVTPL | | |
| Mandatorily classified at FVTPL | $ 941,551 | $ 882,742 |
| Financial assets at amortized cost | | |
| Cash and Cash Equivalents | 1,203,186 | 1,276,545 |
| Pledged time deposits | 283,707 | 343,024 |
| Time deposits with maturities over 3 months | 71,410 | - |
| Reverse repurchase agreements collateralized by bonds with maturities over 3 months | 605,631 | - |
| Notes receivable | 139,062 | 219,522 |
| Trade receivables (including related parties) | 1,018,774 | 1,202,318 |
| Other receivables (including related parties and excluding tax refund receivable) | 7,035 | 5,713 |
| Refundable deposits | $ 30,892 | $ 26,140 |
| Financial assets at FVTOCI－Equity instruments | 63,521 | 71,317 |
| | | |
| Financial liabilities | | |
| Financial assets at FVTPL | | |
| Held for trading | 795 | 9,529 |
| At amortized cost | | |
| Short-term notes and bills payable | - | 199,668 |
| Short-term borrowings | 1,380,000 | 790,000 |
| Notes payables | 42,018 | - |
| Trade payables (including related parties) | 736,058 | 1,201,754 |
| Other payables (Note) | 594,040 | 556,480 |
| Long-term borrowings (Including due within one year) | 3,216,233 | 2,432,380 |
| Guarantee deposits | 26,480 | 22,771 |

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 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.

I) 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 of the Group against U.S. dollars, the net income (loss) before tax in 2023 and 2022 would have decreased/increased by $20,089 thousand and increased/decreased by $14,614 thousand, respectively.

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 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:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Fair value interest rate risk | | |
| - Financial assets | $ 1,769,277 | $ 1,165,123 |
| - Financial liabilities | 1,330,626 | 1,519,632 |
| Cash flow interest rate risk | | |
| - Financial assets | 370,053 | 421,923 |
| - Financial liabilities | 3,416,233 | 2,032,380 |

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 profit (loss) in 2023 and 2022 would have decreased/increased by $15,231 thousand and increased/decreased by $8,052 thousand, respectively.

III) Other price risks

The Group was exposed to the equity price risk through its investments in domestic listed shares, domestic unlisted shares, beneficiary securities 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 the price marketable securities had increased/decreased by 5%, the pre-tax profit (loss) for the years ended December 31, 2023 and 2022 would have increased/decreased by $7,845 thousand and decreased/increased $3,655 thousand, respectively, 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, 2023 and 2022 would have increased/decreased by $3,176 thousand and $3,566 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:

I) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and

II) 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.

I) 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, 2023

| | Effective Interest Rate (%) | On Demand or Less than 1 Year | 1-5 Years | Over 5 Years |
|---|---|---|---|---|
| Non-derivative financial liabilities | | | | |
| Non-interest bearing liabilities | | $1,372,116 | $ - | $ - |
| Lease liabilities | 0.824-8.000 | 35,056 | 82,271 | 41,497 |
| Floating interest rate liabilities | 0.893-1.738 | 458,498 | 3,073,148 | - |
| Fixed interest rate liabilities | 1.659-1.727 | 1,182,463 | - | - |
| | | $3,048,133 | $3,155,419 | $ 41,497 |

Additional information about the maturity analysis for lease liabilities:

| | Less than 1 Year | 1-5 Years | 5-10 Years | Over 10 Years |
|---|---|---|---|---|
| Lease liabilities | $ 35,056 | $ 82,271 | $ 35,121 | $ 6,376 |

December 31, 2022

| | Effective Interest Rate (%) | On Demand or Less than 1 Year | 1-5 Years | Over 5 Years |
|---|---|---|---|---|
| Non-derivative financial liabilities | | | | |
| 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 | - |
| | | $2,785,330 | $2,571,632 | $ 56,336 |

Additional information about the maturity analysis for lease liabilities:

| | Less than 1 Year | 1-5 Years | 5-10 Years | Over 10 Years |
|---|---|---|---|---|
| Lease liabilities | $ 16,351 | $ 63,345 | $ 49,933 | $ 6,403 |

II) 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:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Bank loan facilities | | |
| －Amount unused | $ 8,915,115 | $ 7,479,040 |

## 28. Transactions with Related Parties

As of December 31, 2023 and 2022, 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 | Related Party Category |
|---|---|
| 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 |
| Taita Chemical (Zhong Shan) Co., Ltd. | Subsidiary of investor with significant influence |
| Asia Polymer 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 | 2023 | 2022 |
|---|---|---|
| Investor with significant influence | $ 3,426 | $ 2,722 |
| Fellow subsidiary | 328 | 464 |
| Ultimate parent company | - | 3,164 |
| | $ 3,754 | $ 6,350 |

The sales of goods to related parties had no material differences from those of general sales transactions.

(3) Purchases

| Related Party Category | 2023 | 2022 |
|---|---|---|
| Related party in substance | $ 769,160 | $ 1,071,372 |
| Fellow subsidiary | 51,060 | 66,332 |
| Ultimate parent company | 658 | 2,109 |
| | $ 820,878 | $ 1,139,813 |

Purchases from related parties had no material differences from those of general purchase transactions.

(4) Trade receivables

| Related Party Category | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Investor with significant influence | $ - | $ 630 |
| Fellow subsidiary | - | 128 |
| | $ - | $ 758 |

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, 2023 and 2022.

(5) Trade payables to related parties

| Related Party Category | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Ultimate parent company | $ 216,028 | $ 219,827 |
| Fellow subsidiary | 6,328 | 7,968 |
| | $ 222,356 | $ 227,795 |

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, 2023 | December 31, 2022 |
|---|---|---|
| Ultimate parent company | $ 849 | $ 839 |
| Investor with significant influence | 574 | 733 |
| Fellow subsidiary | 39 | 10 |
| Associate | - | 6 |
| | $ 1,462 | $ 1,588 |

(7) Other payables to related parties

| Related Party Category | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Associate | $ 28,714 | $ 9,657 |
| Ultimate parent company | 1,839 | 7,360 |
| Investor with significant influence | 308 | 846 |
| Subsidiary of investor with significant influence | 33 | 658 |
| Fellow subsidiary | 401 | 232 |
| | $ 31,295 | $ 18,753 |

(8) Acquisitions of property, plant and equipment

| Related Party Category | Purchase Price 2023 | 2022 |
|---|---|---|
| Ultimate parent company | $ 4,300 | $ 4,675 |

(9) Lease arrangements

| Related Party Category/Name | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Lease liabilities | | |
| Investor with significant influence | | |
| APC | $ 97,227 | $ 110,549 |
| TTC | 9,247 | 2,549 |
| Associate | 6,233 | - |
| | $ 112,707 | $ 113,098 |

| Related Party Category/Name | 2023 | 2022 |
|---|---|---|
| Interest expense | | |
| Investor with significant influence | | |
| APC | $ 1,086 | $ 1,223 |
| TTC | 229 | 81 |
| Associate | 183 | 44 |
| | $ 1,498 | $ 1,348 |
| Lease expenses | | |
| Ultimate parent company | $ 6,656 | $ 6,921 |
| Investor with significant influence | 3,730 | 4,548 |
| | $ 10,386 | $ 11,469 |

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 service expenses

| Related Party Category/Name | 2023 | 2022 |
|---|---|---|
| Associate | | |
| CGTD | $ 119,630 | $ 99,027 |

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 service expenses are paid each month.

(11) Management service revenue

| Related Party Category | 2023 | 2022 |
|---|---|---|
| Ultimate parent company | $ 3,166 | $ 3,370 |
| Investor with significant influence | - | 52 |
| | $ 3,166 | $ 3,422 |

(12) Management service expenses

| Related Party Category/Name | 2023 | 2022 |
|---|---|---|
| Fellow subsidiary | | |
| UM | $ 111,742 | $ 112,284 |
| Ultimate parent company | 4,953 | 4,338 |
| | $ 116,695 | $ 116,622 |

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

| Related Party Category/Name | 2023 | 2022 |
|---|---|---|
| Related party in substance | | |
| USIF | $ - | $ 5,000 |

(14) Rental income

| Related Party Category | 2023 | 2022 |
|---|---|---|
| Fellow subsidiary | $ 5,293 | $ 4,137 |
| Subsidiary of investor with significant influence | 1,175 | 1,178 |
| Investor with significant influence | 266 | 273 |
| Ultimate parent company | 32 | - |
| | $ 6,766 | $ 5,588 |

USIO signed a factory lease contract with the Company with a lease term until April 15, 2024. 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

| Related Party Category | 2023 | 2022 |
|---|---|---|
| Investor with significant influence | $ 1,009 | $ 1,378 |

(16) Compensation of key management personnel

The compensation of directors and key executives for the years ended December 31, 2023 and 2022 were as follows:

| | 2023 | 2022 |
|---|---|---|
| Salaries and others | $ 30,871 | $ 28,853 |
| Post-employment benefits | 216 | 216 |
| | $ 31,087 | $ 29,069 |

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:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Pledge time deposits (classified as financial assets at amortized cost and other non-current assets) | $ 308,600 | $ 367,648 |

## 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, 2023 and 2022, the Group’s unused letters of credit amounted to $257,968 thousand and $1,314,845 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 $231,585 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 $9,555 thousand as of February 27, 2024.

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 27, 2024, 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 $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:

Unit: Except for the exchange rate, all in thousands

December 31, 2023

| | Foreign Currencies | Exchange Rate (In Single Dollars) | Functional Currencies | NT$ |
|---|---|---|---|---|
| Foreign currency assets | | | | |
| Monetary items | | | | |
| USD | $ 30,809 | 30.705 (USD/NTD) | $ 945,983 | $ 945,983 |
| EUR | 483 | 33.980 (EUR/NTD) | 16,404 | 16,404 |
| AUD | 517 | 20.980 (AUD/NTD) | 10,845 | 10,845 |
| USD | 301 | 7.0827 (USD/RMB) | 2,130 | 9,233 |
| GBP | 48 | 39.150 (GBP/NTD) | 1,865 | 1,865 |
| Foreign currency liabilities | | | | |
| Monetary items | | | | |
| USD | 9,292 | 30.705 (USD/NTD) | 285,326 | 285,326 |
| RMB | 323 | 4.3352 (RMB/NTD) | 1,402 | 1,402 |
| EUR | 33 | 33.980 (EUR/NTD) | 1,110 | 1,110 |
| JPY | 4,700 | 0.2172 (JPY/NTD) | 1,021 | 1,021 |
| USD | 8 | 7.0827 (USD/RMB) | 56 | 243 |

December 31, 2022

| | Foreign Currencies | Exchange Rate (In Single Dollars) | Functional Currencies | NT$ |
|---|---|---|---|---|
| Foreign currency assets | | | | |
| Monetary items | | | | |
| 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 |
| Foreign currency liabilities | | | | |
| Monetary items | | | | |
| 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 |

For the years ended December 31, 2023 and 2022, net foreign exchange gains were $26,876 thousand and $131,531 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 functional currencies of the group entities.

**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 NT$300 million or 20% of the paid-in capital: Table 4.

5) Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None;

6) Disposals of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None;

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5.

8) Receivables from related parties amounting to at least NT$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 Reinvestment: 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.

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 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, mainly 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:

2023

| | VCM products | PVC products | Total |
|---|---|---|---|
| Revenue from external customers | $ 728,693 | $ 12,978,612 | $ 13,707,305 |
| Inter-segment revenue | 8,101,022 | 487,277 | 8,588,299 |
| Segment revenue | $ 8,829,715 | $ 13,465,889 | 22,295,604 |
| Eliminations | | | ( 8,588,299 ) |
| Consolidated revenue | | | $ 13,707,305 |
| Segment income | $ 46,060 | $ 413,795 | $ 459,855 |
| Interest income | | | 31,052 |
| Other income | | | 107,023 |
| Other gains and losses | | | ( 50,321 ) |
| Share of loss of associates accounted for using the equity method | | | ( 11,546 ) |
| Interest expense | | | ( 69,539 ) |
| Profit before income tax | | | $ 466,524 |

2022

| | VCM products | PVC products | Total |
|---|---|---|---|
| Revenue from external customers | $ 989,215 | $ 16,648,264 | $ 17,637,479 |
| Inter-segment revenue | 11,713,237 | 500,487 | 12,213,724 |
| Segment revenue | $ 12,702,452 | $ 17,148,751 | 29,851,203 |
| Eliminations | | | ( 12,213,724 ) |
| Consolidated revenue | | | $ 17,637,479 |
| Segment loss | ( $ 13,308 ) | ( $ 971,162 ) | ( $ 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 | | | ( 26,810 ) |
| Loss before income tax | | | ( $ 517,183 ) |

Segment profit represented the profit before tax earned by each segment without the share of profit (loss) of associates, interest income, rental income, gains (losses) on disposal of property, plant and equipment, foreign exchange gains (losses), gains (losses) 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 | |
|---|---|---|---|---|
| | 2023 | 2022 | December 31, 2023 | December 31, 2022 |
| Asia | $ 10,580,417 | $ 14,263,500 | $ 9,860,442 | $ 9,067,400 |
| America | 2,187,513 | 2,033,506 | 23,443 | 2,601 |
| Middle East | 637,721 | 688,193 | - | - |
| Europe | 115,465 | 152,308 | - | - |
| Africa | 100,314 | 362,418 | - | - |
| Oceania | 85,875 | 137,554 | - | - |
| | $ 13,707,305 | $ 17,637,479 | $ 9,883,885 | $ 9,070,001 |

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, 2023 and 2022.

**China General Plastics Corporation and Subsidiaries**

**Financing Provided to Others**

**For the Year Ended December 31, 2023**

Table 1

Unit: NT$ thousands

| Number | Lender | Borrower | Financial Statement Account | Related Party (Yes/No) | Highest Balance for the Year | Balance at the End of the Year | 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) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Name | Value | | |
| 0 | China General Plastics Corporation | CGPC Polymer Corporation | Other receivables from related parties | Yes | $ 300,000 | $ - | $ - | - | Short-term financing | $ - | Business turnover | $ - | - | $ - | $ 3,832,591 | $ 3,832,591 |

Note: The total amount of the Company's financing provided to others shall not exceed 40% of the Company’s net worth stated on the latest financial statements audited or reviewed by certified public accountants.

**China General Plastics Corporation and Subsidiaries**

**Endorsements / Guarantees Provided**

**For the Year Ended December 31, 2023**

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 Year | Outstanding Endorsement / Guarantee at the End of the Year | Actual Borrowing Amount | Amount Endorsed / Guaranteed by Collateral | Ratio of Accumulated Endorsement / Guarantee to Net Equity in Latest Financial Statements (%) (Note 1) | 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 | $ 5,748,886 | $ 1,361,717 | $ 1,061,717 | $ 400,307 | None | 11.08% | $ 9,581,477 | Yes | No | No |

Note1: The ratio is calculated using the ending balance of equity of the Company as of December 31, 2023.

Note2: 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, 2023**

Table 3

Unit: NT$ thousands

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2023 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Unit / Share | Carrying Amount | Percentage of Ownership (%) | Fair value | |
| China General Plastics Corporation | Beneficiary securities | | | | | | | |
| | Cathay No. 1 Real Estate Investment Trust | — | Financial assets at FVTPL - current | 3,964,000 | $ 67,309 | - | $ 67,309 | (Note 1) |
| | Mutual Funds | | | | | | | |
| | CTBC Hua-Win Money Market Fund | — | Financial assets at FVTPL - current | 2,651,301 | 30,000 | - | 30,000 | (Note 1) |
| | KGI Victory Money Market Fund | — | 〃 | 2,521,602 | 30,000 | - | 30,000 | (Note 1) |
| | PGIM Money Market Fund | — | 〃 | 1,845,166 | 30,000 | - | 30,000 | (Note 1) |
| | Hua Nan Phoenix Money Market Fund | — | 〃 | 1,793,765 | 30,000 | - | 30,000 | (Note 1) |
| | UPAMC James Bond Money Market Fund | — | 〃 | 583,216 | 10,000 | - | 10,000 | (Note 1) |
| | TCB Taiwan Money Market Fund | — | 〃 | 960,227 | 10,000 | - | 10,000 | (Note 1) |
| | Ordinary shares | | | | | | | |
| | Taiwan Cement Corporation | — | Financial assets at FVTPL - current | 2,000,000 | 69,700 | - | 69,700 | (Note 1) |
| | Hon Hai Precision Ind. Co., Ltd. | — | 〃 | 100,000 | 10,450 | - | 10,450 | (Note 1) |
| | China Steel Corporation | — | 〃 | 350,000 | 9,450 | - | 9,450 | (Note 1) |
| | Ordinary shares | | | | | | | |
| | KHL IB Venture Capital Co., Ltd. | — | Financial assets at FVTOCI - non-current | 6,566,096 | 60,474 | 5.95% | 60,474 | (Note 1) |
| Taiwan VCM Corporation | Mutual Funds | | | | | | | |
| | SinoPac TWD Money Market Fund | — | Financial assets at FVTPL - current | 10,792,282 | 154,340 | - | 154,340 | (Note 1) |
| | Hua Nan Phoenix Money Market Fund | — | 〃 | 5,994,413 | 100,254 | - | 100,254 | (Note 1) |
| | Taishin 1699 Money Market Fund | — | 〃 | 6,787,013 | 94,628 | - | 94,628 | (Note 1) |
| | Capital Money Market Fund | — | 〃 | 3,018,394 | 50,066 | - | 50,066 | (Note 1) |
| | Jih Sun Money Market Fund | — | 〃 | 1,967,394 | 30,012 | - | 30,012 | (Note 1) |
| | Shin Kong Chi-Shin Money Market Fund | — | 〃 | 1,887,208 | 30,011 | - | 30,011 | (Note 1) |
| | Fubon Chi-Hsiang Money Market Fund | — | 〃 | 1,863,655 | 30,011 | - | 30,011 | (Note 1) |
| | Ordinary shares | | | | | | | |
| | Asia Polymer Corporation | The major shareholders are the same as the those of the Company | Financial assets at FVTOCI - non-current | 130,244 | 3,047 | 0.02% | 3,047 | (Note 1) |
| CGPC Polymer Corporation | Mutual Funds | | | | | | | |
| | SinoPac TWD Money Market Fund | — | Financial assets at FVTPL - current | 7,007,081 | 100,208 | - | 100,208 | (Note 1) |
| | Shin Kong Chi-Shin Money Market Fund | — | 〃 | 2,201,438 | 35,009 | - | 35,009 | (Note 1) |
| | Fubon Chi-Hsiang Money Market Fund | — | 〃 | 1,243,588 | 20,026 | - | 20,026 | (Note 1) |
| CGPC（BVI）Holding Co., Ltd. | Ordinary shares | | | | | | | |
| | 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) |

Note1: The marketable securities were not pledged as guarantees or collateral for borrowings and are not subject to restrictions.

Note2: The preferred shares are not used in the calculation of the shareholding ratio.

Note3: As of December 31, 2023, 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, 2023**

Table 4

Unit: NT$ thousands

| Buyer/Seller | Type and Name of Marketable Securities | 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 | Mutual Funds | | | | | | | | | | | | | |
| | Hua Nan Phoenix Money Market Fund | Financial assets at FVTPL - current | — | — | - | $ - | 18,861,293 | $ 313,000 | 17,067,528 | $ 283,246 | $ 283,000 | $ 246 | 1,793,765 | $ 30,000 |
| Taiwan VCM Corporation | Mutual Funds | | | | | | | | | | | | | |
| | SinoPac TWD Money Market Fund | Financial assets at FVTPL - current | — | — | - | - | 28,431,994 | 404,000 | 17,639,711 | 251,432 | 250,000 | 1,432 | 10,792,282 | 154,000 |
| | Hua Nan Phoenix Money Market Fund | 〃 | — | — | 2,119,619 | 35,000 | 22,881,593 | 380,000 | 19,006,799 | 315,541 | 315,000 | 541 | 5,994,413 | 100,000 |
| | Fubon Chi-Hsiang Money Market Fund | 〃 | — | — | - | - | 31,264,720 | 500,000 | 29,401,065 | 470,561 | 470,000 | 561 | 1,863,655 | 30,000 |
| CGPC Polymer Corporation | Mutual Funds | | | | | | | | | | | | | |
| | SinoPac TWD Money Market Fund | Financial assets at FVTPL - current | — | — | - | - | 29,715,575 | 423,000 | 22,708,494 | 323,258 | 323,000 | 258 | 7,007,081 | 100,000 |

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, 2023**

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 | CGPC America Corporation | Subsidiary | Sales | ($ 455,735) | (6%) | 90 days | No major difference | No major difference | $ 158,345 | 21% | Note. |
| Taiwan VCM Corporation | China General Plastics Corporation | Parent company | Sales | (4,052,178) | (46%) | 45 days | 〃 | 〃 | 646,641 | 37% | Note. |
| | CGPC Polymer Corporation | Fellow subsidiary | Sales | (4,048,292) | (46%) | 75 days | 〃 | 〃 | 1,015,436 | 58% | Note. |
| | Fujian Gulei Petrochemical Co., Ltd. | Related party in substance | Purchase | 769,160 | 12% | 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, 2023**

Table 6

Unit: NT$ thousands

| Company Name | Counterparty | Relationship | Financial Statement Account and Ending Balance (Note 3) | | 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 | $ 158,345 | 3.01 | $ - | — | $ 74,657 | Note 1. |
| Taiwan VCM Corporation | China General Plastics Corporation | Parent company | Trade receivables - related parties | 646,641 | 5.64 | - | — | 646,641 | Note 1. |
| | CGPC Polymer Corporation | Fellow subsidiary | Trade receivables - related parties | 1,015,436 | 4.63 | - | — | 729,940 | Note 1. |

Note1: There is no allowance for impairment loss after an impairment assessment.

Note2: The subsequent period is between January 1 and February 23, 2024.

Note3: 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, 2023**

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 | $ 646,641 | No major difference | 4% |
| | | | 1 | Purchases | 4,052,178 | 〃 | 30% |
| | | CGPC America Corporation | 1 | Trade receivables - related parties | 158,345 | 〃 | 1% |
| | | | 1 | Sales revenue | 455,735 | 〃 | 3% |
| | | CGPC Polymer Corporation | 1 | Purchases | 31,542 | 〃 | - |
| 1 | CGPC Polymer Corporation | Taiwan VCM Corporation | 3 | Trade payables to related parties | 1,015,436 | 〃 | 6% |
| | | | 3 | Other payables to related parties | 24,381 | 〃 | - |
| | | | 3 | Purchase | 4,048,292 | 〃 | 30% |

Note1: The information correlation between the numeral and the entity are stated as follows:

1.The parent company: 0.

2.The subsidiaries: 1 onward.

Note2: 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.

Note3: 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.

Note4: Disclosure of transaction amounts of NT$10,000 thousand or more.

**China General Plastics Corporation and Subsidiaries**

**Information on Investees**

**For the Year Ended December 31, 2023**

Table 8

Unit: NT$ thousands

| Investor Company | Investee Company | Location | Business Content | Original Investment Amount | | As of December 31, 2023 | | | Net Income (Loss) of Investee | Share of Profit (Loss) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2023 | January 1, 2023 | 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% | $ 4,430,430 | $ 460,982 | $ 354,966 | Subsidiary |
| | CGPC Polymer Corporation | 12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.) | Manufacturing and marketing of PVC resins | 800,000 | 800,000 | 70,170,682 | 100% | 626,961 | ( 74,746 ) | ( 74,746 ) | Subsidiary |
| | CGPC（BVI）Holding Co., Ltd. | Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands | Reinvestment | 1,059,344 | 1,073,906 | 14,808,258 | 100% | 313,820 | ( 2,467 ) | ( 2,467 ) | 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 | 25,053,469 | 33.33% | 329,972 | ( 26,036 ) | ( 8,679 ) | Associate accounted for using the equity method |
| | CGPC America Corporation | 4 Latitude Way, Suite 108 Corona, CA 92881,U.S.A | Marketing of PVC film and leather products | 648,931 | 648,931 | 100 | 100% | 168,219 | ( 32,191 ) | ( 32,191 ) | 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 | 41,805 (Note 1) | 33,995 | 3,566,526 | 1.67% | 29,629 | ( 171,224 ) | ( 2,867 ) | 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 | 50,000 | 5,200,000 | 100% | 53,544 | 1,280 | - | Subsidiary |

Note1: The Group did not subscribe for the cash capital increase of ACME in proportion to its shareholding, resulting in a decrease in the shareholding ratio from 1.74% to 1.67%.

Note2: 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, 2023**

Table 9

Unit: NT$ thousands, 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, 2023 (Note 1) | Current Investment Flows | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 | Net Income (Loss) of Investee | Ownership Percentage of Direct or Indirect Investment | Current Investment Gain(loss) (Note 6) | Carrying Amount as of December 31, 2023 (Notes 1 and 6) | Accumulated Repatriation of Investment Income as of December 31, 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | |
| Continental General Plastics (Zhong Shan) Co., Ltd. ("CGPC (ZS)") | Manufacturing and marketing of PVC film and consumer products | $ 614,100 (US$ 20,000 thousand) | Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)") | $ 614,100 (US$ 20,000 thousand) | $ - | $ - | $ 614,100 (US$ 20,000 thousand) | ($ 5,754) (US$ -174 thousand) | 100% | ($ 5,754) (US$ -174 thousand) | $ 230,558 (US$ 7,509 thousand) | $ - |
| CGPC Consumer Products Corporation ("CGPC (CP)") (Note 4) | Manufacturing and marketing of PVC consumer products | - (US$ - thousand) | Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)") | 46,058 (US$ 1,500 thousand) | - | 14,562 (US$467thousand) | 31,496 (US$ 1,033 thousand) | 8 (US$ - thousand) | 100% | 8 (US$ - thousand) | - (US$ - thousand) | - |

| Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023 (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) |
|---|---|---|
| $ 817,214 (US$ 26,615 thousand) | $ 918,080 (US$ 29,900 thousand) | $- |

Note1: The calculation was based on the spot exchange rate of December 31, 2023.

Note2: As the Company has obtained the certificate of qualification for operating headquarters issued by the Industrial Development Bureau, MOEA No. 11251035580 on September 6, 2023, the upper limit on investment is not applicable.

Note3: 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.

Note4: CGPC Consumer Products Corporation completed dissolution procedures on July 17, 2023, and CGPC (BVI) retrieved the residual assets, which were remitted back to Taiwan.

Note5: The investment income (loss) recognized in 2023 is based on the financial statements audited by the parent company’s CPA.

Note6: All the transactions were written off when preparing the consolidated financial statements.

**China General Plastics Corporation**

**Information on Major Shareholders**

**December 31, 2023**

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 | 8.07% |

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 parent company only financial statements of China General Plastics Corporation (the “Company”) , which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("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 parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Company’s parent company only financial statements for the year ended December 31, 2023 are stated as follows:

Authenticity of regional sales revenue recognition for specific products

The Company's sales revenue in 2023 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 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 22 to the parent company only 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.

**Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

To ensure that the parent company only financial statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent parent company only 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 parent company only financial statements.

In preparing the parent company only 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 Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material 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 Standards on Auditing of 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 parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of 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 parent company only 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 accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant 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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the parent company only financial statements (including relevant Notes), and whether the parent company only 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 parent company only 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 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 parent company only financial statements for the year ended December 31, 2023. 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 6, 2024

**Notice to Readers:**

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**China General Plastics Corporation**

**Parent Company Only Balance Sheets**

**December 31, 2023 and 2022**

Unit: NT$ thousands

| CODE | ASSETS | December 31, 2023 Amount | % | December 31, 2022 Amount | % |
|---|---|---|---|---|---|
| | Current assets | | | | |
| 1100 | Cash and cash equivalents (Note 6) | $ 98,321 | 1 | $ 96,210 | 1 |
| 1110 | Financial assets at fair value through profit or loss (FVTPL) - current (Note 7) | 296,909 | 2 | 423,357 | 3 |
| 1136 | Financial assets at amortized cost - current (Note 9) | 10,000 | - | - | - |
| 1150 | Notes receivables (Note 10) | 87,781 | 1 | 128,386 | 1 |
| 1170 | Trade receivables (Notes 10 and 26) | 658,129 | 5 | 880,120 | 7 |
| 1200 | Other receivables (Notes 10 and 26) | 36,340 | - | 34,690 | - |
| 1220 | Current tax assets (Note 22) | 290 | - | 273 | - |
| 1310 | Inventories (Notes 5 and 11) | 1,004,770 | 8 | 1,118,032 | 9 |
| 1410 | Prepayments | 32,680 | - | 30,343 | - |
| 1470 | Other current assets | 236 | - | 1,085 | - |
| 11XX | Total current assets | 2,225,456 | 17 | 2,712,496 | 21 |
| | Non-current assets | | | | |
| 1517 | Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Note 8) | 60,474 | - | 67,644 | 1 |
| 1550 | Investments accounted for using the equity method (Notes 5 and 12) | 5,899,031 | 45 | 5,678,108 | 44 |
| 1600 | Property, plant and equipment (Notes 13 and 26) | 4,489,960 | 34 | 3,868,478 | 30 |
| 1760 | Investment properties (Note 14) | 231,663 | 2 | 243,421 | 2 |
| 1840 | Deferred tax assets (Notes 5 and 22) | 275,303 | 2 | 227,145 | 2 |
| 1990 | Other non-current assets (Note 27) | 17,839 | - | 8,892 | - |
| 15XX | Total non-current assets | 10,974,270 | 83 | 10,093,688 | 79 |
| 1XXX | Total Assets | $ 13,199,726 | 100 | $ 12,806,184 | 100 |
| **CODE** | **LIABILITIES AND EQUITY** | | | | |
| | Current Liabilities | | | | |
| 2100 | Short-term borrowings (Note 15) | $ 780,000 | 6 | $ 190,000 | 1 |
| 2150 | Notes payables (Note 16) | 42,018 | - | - | - |
| 2170 | Trade payables (Note 16) | 150,893 | 1 | 217,151 | 2 |
| 2180 | Trade payables to related parties (Notes 16 and 26) | 657,033 | 5 | 803,425 | 6 |
| 2200 | Other payables (Note 17) | 453,557 | 3 | 420,228 | 3 |
| 2220 | Other payables to related parties (Note 26) | 1,826 | - | 6,480 | - |
| 2300 | Other current liabilities (Note 20) | 77,989 | 1 | 92,671 | 1 |
| 21XX | Total current liabilities | 2,163,316 | 16 | 1,729,955 | 13 |
| | Non-current liabilities | | | | |
| 2540 | Short-term borrowings (Note 15) | 629,169 | 5 | 792,549 | 6 |
| 2570 | Deferred tax liabilities (Note 22) | 483,717 | 4 | 483,809 | 4 |
| 2640 | Net defined benefit liabilities (Note 18) | 311,996 | 2 | 328,679 | 3 |
| 2670 | Other non-current liabilities | 30,051 | - | 24,420 | - |
| 25XX | Total non-current liabilities | 1,454,933 | 11 | 1,629,457 | 13 |
| 2XXX | Total Liabilities | 3,618,249 | 27 | 3,359,412 | 26 |
| | Equity (Note 19) | | | | |
| 3110 | Ordinary share | 5,810,505 | 44 | 5,810,505 | 45 |
| 3200 | Capital surplus | 17,986 | - | 14,556 | - |
| | Retained earnings | | | | |
| 3310 | Legal reserve | 1,117,245 | 8 | 1,117,245 | 9 |
| 3320 | Special reserve | 408,223 | 3 | 408,223 | 3 |
| 3350 | Unappropriated retained earnings | 2,187,353 | 17 | 2,029,080 | 16 |
| 3300 | Total retained earnings | 3,712,821 | 28 | 3,554,548 | 28 |
| 3400 | Other equity | 40,165 | 1 | 67,163 | 1 |
| 3XXX | Total equity | 9,581,477 | 73 | 9,446,772 | 74 |
| | Total Liabilities and Equity | $ 13,199,726 | 100 | $ 12,806,184 | 100 |

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

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# China General Plastics Corporation

**Parent Company Only Statements of Comprehensive Income**

**For the Years Ended December 31, 2023 and 2022**

Unit: NT$ thousands, except (Losses) Earnings Per Share

| CODE | | 2023 Amount | % | 2022 Amount | % |
|---|---|---|---|---|---|
| 4100 | Net revenue (Notes 20 and 26) | $ 7,768,367 | 100 | $ 10,186,976 | 100 |
| 5110 | Cost of revenue (Notes 11, 21, and 26) | 7,190,724 | 93 | 9,698,041 | 95 |
| 5900 | Gross profit | 577,643 | 7 | 488,935 | 5 |
| 5910 | Realized profit from sales | 13,397 | - | 9,953 | - |
| 5950 | Realized gross profit | 591,040 | 7 | 498,888 | 5 |
| | Operating expenses (Notes 21 and 26) | | | | |
| 6100 | Selling and marketing expenses | 332,513 | 4 | 538,487 | 5 |
| 6200 | General and administrative expenses | 133,445 | 2 | 142,246 | 2 |
| 6300 | Research and development expenses | 30,449 | - | 28,239 | - |
| 6000 | Total operating expenses | 496,407 | 6 | 708,972 | 7 |
| 6900 | Net operating income (loss) | 94,633 | 1 | ( 210,084) | (2) |
| | Non-operating income and expenses (Notes 12, 21 and 26) | | | | |
| 7100 | Interest income | 3,086 | - | 2,828 | - |
| 7010 | Other income | 44,024 | 1 | 60,539 | 1 |
| 7020 | Other gains and losses | ( 49,219 ) | ( 1 ) | 93,612 | 1 |
| 7060 | Share of profit (loss) of subsidiaries and associates accounted for using the equity method | 234,016 | 3 | ( 360,753) | (4) |
| 7510 | Interest expense | ( 16,699 ) | - | ( 5,175) | - |
| 7000 | Total non-operating income and expenses | 215,208 | 3 | ( 208,949) | (2) |
| 7900 | Net profit (loss) before income tax | 309,841 | 4 | ( 419,033 ) | (4) |
| 7950 | Income tax benefit (Note 22) | ( 32,075 ) | - | ( 48,786) | - |
| 8200 | Net profit (loss) for the year | 341,916 | 4 | ( 370,247) | (4) |
| | Other comprehensive income (loss) (Notes 18, 19 and 22) | | | | |
| | Items that will not be reclassified subsequently to profit or loss: | | | | |
| 8311 | Remeasurement of defined benefit plans | ( 10,608 ) | - | 112,020 | 1 |
| 8316 | Unrealized losses on investments in equity instruments at FVTOCI | ( 7,170 ) | - | ( 14,733) | - |
| 8326 | Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method - unrealized losses on investments in equity instruments at FVTOCI | ( 17,548 ) | - | ( 31,976) | - |
| 8331 | Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method - remeasurement of defined benefit plans | ( 841 ) | - | 25,755 | - |
| 8349 | Income tax relating to items that will not be reclassified subsequently to profit or loss | 2,121 | - | ( 20,552) | - |
| 8310 | | ( 34,046 ) | - | 70,514 | 1 |
| | Items that may be reclassified subsequently to profit or loss: | | | | |
| 8361 | Exchange differences on translating the financial statements of foreign operations | ( 2,159) | | 41,526 | |
| 8371 | Share of the other comprehensive income of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations | ( 553 ) | - | 379 | - |
| 8399 | Income tax relating to items that may be reclassified subsequently to profit or loss | 432 | - | ( 8,305) | - |
| 8360 | | ( 2,280 ) | - | 33,600 | - |
| 8300 | Other comprehensive income (loss) for the year, net of income tax | ( 36,326 ) | - | 104,114 | 1 |
| 8500 | Total comprehensive income (loss) for the year | $ 305,590 | 4 | ($266,133) | (3) |
| | Earnings (losses) per share (Note 23) | | | | |
| 9750 | Basic | $ 0.59 | | ($ 0.64) | |
| 9850 | Diluted | $ 0.59 | | ($ 0.64) | |

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

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# China General Plastics Corporation

**Parent Company Only Statements of Changes in Equity**

**For the Years Ended December 31, 2023 and 2022**

Unit: NT$ thousands

| | | | Capital surplus | | | Retained earnings | | | | Other Equity | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CODE | | 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, 2022 | $ 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 |
| | Appropriation and distribution of earnings for 2022 | | | | | | | | | | | | |
| B5 | Cash dividends distributed by the Company | - | - | - | - | - | - | ( 174,315) | ( 174,315) | - | - | - | ( 174,315) |
| C7 | Changes in equity of associates and joint ventures accounted for using equity method | - | - | 1,333 | 1,333 | - | - | - | - | - | - | - | 1,333 |
| C17 | Other changes in capital surplus | - | 2,067 | 30 | 2,097 | - | - | - | - | - | - | - | 2,097 |
| D1 | Net profit in 2023 | - | - | - | - | - | - | 341,916 | 341,916 | - | - | - | 341,916 |
| D3 | Other comprehensive income (loss) in 2023, net of income tax | - | - | - | - | - | - | ( 9,328) | ( 9,328) | ( 2,280) | ( 24,718) | ( 26,998) | ( 36,326) |
| D5 | Total comprehensive income (loss) in 2023 | - | - | - | - | - | - | 332,588 | 332,588 | ( 2,280) | ( 24,718) | ( 26,998) | 305,590 |
| Z1 | Balance as of December 31, 2023 | $ 5,810,505 | $ 15,939 | $ 2,047 | $ 17,986 | $ 1,117,245 | $ 408,223 | $ 2,187,353 | $ 3,712,821 | ($ 21,141) | $ 61,306 | $ 40,165 | $ 9,581,477 |

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

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**China General Plastics Corporation**

**Parent Company Only Statements of Cash Flows**

**For the Years Ended December 31, 2023 and 2022**

Unit: NT$ thousands

| CODE | | 2023 | 2022 |
|---|---|---|---|
| | Cash flows from operating activities | | |
| A10000 | Net profit (loss) before income tax | $ 309,841 | ($ 419,033) |
| A20010 | Adjustments for: | | |
| A20100 | Depreciation expenses | 257,387 | 238,450 |
| A20200 | Amortization expense | 930 | 59 |
| A20400 | Net (gain) loss on fair value change on financial instruments at FVTPL | ( 1,692) | 31,715 |
| A20900 | Interest expense | 16,699 | 5,175 |
| A21200 | Interest income | ( 3,086) | ( 2,828) |
| A21300 | Dividend income | ( 1,264) | ( 8,203) |
| A22400 | Share of (profit) loss of subsidiaries and associates accounted for using the equity method | ( 234,016) | 360,753 |
| A22500 | Gain on disposal of property, plant and equipment | ( 6,835) | ( 5,297) |
| A23700 | Provision of write downs of inventories and obsolescence losses | 1,652 | 55,776 |
| A23900 | Realized profit from sales | ( 13,397) | ( 9,953) |
| A30000 | Net changes in operating assets and liabilities | | |
| A31115 | Financial Instruments at FVTPL | 128,140 | ( 165,684) |
| A31130 | Notes receivable | 40,605 | 66,776 |
| A31150 | Trade receivables (including related parties) | 221,991 | 317,600 |
| A31180 | Other receivables (including related parties) | ( 1,623) | 38,469 |
| A31200 | Inventories | 111,610 | 190,172 |
| A31230 | Prepayments | ( 2,337) | ( 3,044) |
| A31240 | Other current assets | 849 | ( 324) |
| A32130 | Notes payables | 42,018 | - |
| A32150 | Trade payables (including related parties) | ( 212,650) | ( 699,988) |
| A32180 | Other payables (including related parties) | ( 64,351) | ( 127,011) |
| A32230 | Other current liabilities | ( 14,682) | ( 9,634) |
| A32240 | Net defined benefit liabilities | ( 27,291) | ( 41,027) |
| A33000 | Cash generated from (used in) operations | 548,498 | ( 187,081) |
| A33100 | Interest received | 3,059 | 2,841 |
| A33300 | Interest paid | ( 14,516) | ( 4,422) |
| A33500 | Income tax paid | ( 13,639) | ( 160,551) |
| AAAA | Net cash generated from (used in) operating activities | 523,402 | ( 349,213) |

(Continued)

| CODE | | 2023 | 2022 |
|---|---|---|---|
| | Cash flows from investing activities | | |
| B00040 | Acquisition of financial assets at amortized cost | ($ 10,000) | $ - |
| B01800 | Acquisition of investments accounted for using equity method | ( 7,810) | - |
| B02400 | Proceeds from capital reduction of investments accounted for using equity method | 14,562 | - |
| B02700 | Payments for property, plant and equipment | ( 785,662) | ( 651,765) |
| B02800 | Proceeds from disposal of property, plant and equipment | 15,319 | 5,619 |
| B03700 | Increase in refundable deposits | ( 8,955) | ( 26,928) |
| B03800 | Decrease in refundable deposits | 8,862 | 28,378 |
| B04500 | Acquisitions of intangible assets | ( 9,784) | ( 192) |
| B07600 | Dividends received | 1,264 | 1,066,976 |
| BBBB | Net cash (used in) generated from investing activities | ( 782,204) | 422,088 |
| | Cash flows from financing activities | | |
| C00100 | Increase in short-term borrowings | 590,000 | 190,000 |
| C01600 | Proceeds from long-term borrowings | 1,335,165 | 1,969,400 |
| C01700 | Repayments of long-term borrowings | ( 1,500,000) | ( 1,170,000) |
| C03000 | Increase in guarantee deposits received | 7,822 | 12,085 |
| C03100 | Decrease in guarantee deposits received | ( 2,590) | ( 1,140) |
| C04400 | Decrease in other non-current liabilities | ( 25) | ( 4) |
| C04500 | Dividends paid | ( 169,459) | ( 1,449,418) |
| CCCC | Net cash generated from (used in) financing activities | 260,913 | ( 449,077) |
| EEEE | Net increase (decrease) in cash and cash equivalents | 2,111 | ( 376,202) |
| E00100 | Cash and cash equivalents at the beginning of the year | 96,210 | 472,412 |
| E00200 | Cash and cash equivalents at the end of the year | $ 98,321 | $ 96,210 |

(Concluded)

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

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**China General Plastics Corporation**

**Notes to Parent Company Only Financial Statements**

**For the Years Ended December 31, 2023 and 2022**

(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 parent company only financial statements of the Company (collectively referred to as “the Company”) are presented in the Company’s functional currency, the New Taiwan dollar (NT$).

## 2. Date and Procedures of Authorization of Financial Statements

The parent company only financial statements have been approved by the Board of Directors on March 5, 2024.

## 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 "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have any material impact on the Company’s accounting policies.

(2) IFRSs Accounting Standards endorsed by the FSC for application starting from 2024

| New/Amended/Revised Standards and Interpretations | Effective Date Announced by IASB (Note 1) |
|---|---|
| Amendments to IFRS 16 “Lease Liabilities in a Sale and Leaseback” | January 1, 2024 (Note 2) |
| 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 |
| Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements” | January 1, 2024 (Note 3) |

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.

Note 3. The first application of the amendments is exempted from partial disclosure requirements.

As of the date the parent company only financial statements were authorized for issue, the Company 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) IFRSs Accounting Standards 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 |
| 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 21 "Lack of Exchangeability" | January 1, 2025 (Note 2) |

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 amendments are applied for annual reporting periods beginning on or after January 1, 2025. For initial application of the amendments, the impact is recognized in retained earnings on the date of initial application. When the Company adopts a non-functional currency as the presentation currency, the impact is adjusted to the exchange differences of foreign operations under equity on the date of initial application.

As of the date the parent company only 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 interim parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

The parent company only 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.

When preparing the parent company only financial statements, the Company adopts the equity method for investments in subsidiaries and associates. In order to align profit or loss, other comprehensive income, and equity from the current year in the parent company only 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 Company 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 the preparation of parent company only financial statements, transactions denominated in a currency other than the Company's functional currency (i.e., foreign currency) are translated into the Company'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 Company's parent company only 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 parent company only 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 parent company only financial statements. Profits and losses in upstream and side-stream transactions between the Company and the subsidiaries are recognized in the parent company only financial statements only to the extent that the profits and losses are irrelevant to the Company's interests 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 associates issue new shares and the Company does not subscribe to such shares to the extent that its original shareholding ratio can be changed, the difference is recorded as an adjustment to capital surplus - changes in the net value of shares in associates accounted for using the equity method and other investments accounted for using the equity method. If the amount of ownership interests in associates is not subscribed for or obtained in proportion to the shareholding ratio, the amount of the related assets or liabilities shall be recognized in other comprehensive income. The basis of the accounting treatment is the same as that of the associates. The difference in the balance of the capital reserve accounted for using the equity method shall be recognized in retained earnings.

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 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 parent company only 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. 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 Property

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 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 Company 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 balance sheets when the Company 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 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 25.

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.

After initial recognition, financial assets measured at amortized (including cash and cash equivalents, notes receivable, trade receivable, other receivables, 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. Equity instruments at FVTOCI

The Company 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 Company'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 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 25.

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 Company 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) Post-employment 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 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 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 tax 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, 2023, and 2022, the carrying amounts of deferred tax assets in relation to unused tax losses were $275,303 thousand and $227,145 thousand, respectively. 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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Cash on hand and petty cash | $ 53 | $ 77 |
| Checking accounts and demand deposits | 98,268 | 96,133 |
| | $ 98,321 | $ 96,210 |

## 7. Financial Instruments at FVTPL

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Financial assets mandatorily classified as at FVTPL | | |
| Non-derivative financial assets | | |
| －Mutual Funds | $ 140,000 | $ 350,255 |
| －Beneficiary securities | 67,309 | 54,186 |
| －Domestic listed equity investments | 89,600 | 18,916 |
| | $ 296,909 | $ 423,357 |

## 8. Financial assets at FVTOCI - non-current

Investments in equity instruments

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Domestic equity investments | | |
| Unlisted ordinary share | | |
| KHL IB Venture Capital Co., Ltd. | $ 60,474 | $ 67,644 |

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 it believes 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. Financial Assets at Amortized Cost - Current

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Domestic equity investments | | |
| Time deposits with maturity over 3 months | $ 10,000 | $ - |

As of December 31, 2023, the interest rate of the time deposits with maturity over 3 months was 1.25%.

## 10. Notes Receivable, Trade Receivables and Other Receivables

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Notes receivable | | |
| Notes receivable - operating | $ 87,781 | $ 128,386 |
| | | |
| Trade receivables (including related parties) (Note 26) | | |
| At amortized cost | | |
| Gross carrying amount | $ 668,781 | $ 890,772 |
| Less: Allowance for impairment loss | ( 10,652 ) | ( 10,652 ) |
| | $ 658,129 | $ 880,120 |
| | | |
| Other receivables (including related parties) (Note 26) | | |
| Tax refunds receivables | $ 33,609 | $ 32,940 |
| Others | 2,731 | 1,750 |
| | $ 36,340 | $ 34,690 |

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 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 Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade 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 trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery. For trade 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, 2023

| | Credit Rating A | Credit Rating B | Credit Rating C | Others | Total |
|---|---|---|---|---|---|
| Gross carrying amount | $ 3,270 | $ 224,076 | $ 157,830 | $ 371,386 | $ 756,562 |
| Loss allowance (lifetime ECLs) | - | ( 2,913 ) | ( 3,341 ) | ( 4,398 ) | ( 10,652 ) |
| Amortized cost | $ 3,270 | $ 221,163 | $ 154,489 | $ 366,988 | $ 745,910 |

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 |

The aging of notes receivable and trade receivables was as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Not past due | $ 747,726 | $ 977,404 |
| Less than and including 60 days | 8,836 | 41,274 |
| Over 60 days | - | 480 |
| | $ 756,562 | $ 1,019,158 |

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:

| | 2023 | 2022 |
|---|---|---|
| Balance at January 1 and December 31 | $ 10,652 | $ 10,652 |

## 11. Inventories

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Finished goods | $ 735,159 | $ 726,902 |
| Work in progress | 58,186 | 63,272 |
| Raw materials | 211,425 | 327,858 |
| | $ 1,004,770 | $ 1,118,032 |

For the years ended December 31, 2023 and 2022, the costs of goods sold for inventories amounted to $7,190,724 thousand and $9,698,041 thousand, respectively. For the years ended December 31, 2023 and 2022, the costs of goods sold included provisions of allowance for write-downs of inventories and obsolescence losses amounted to $1,652 thousand and $55,776 thousand, respectively.

## 12. Investment Accounted for Equity Method

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Investments in subsidiaries | $ 5,539,430 | $ 5,298,586 |
| Investments in associates | 359,601 | 379,522 |
| | $ 5,899,031 | $ 5,678,108 |

(1) Investments in subsidiaries

| Subsidiary | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Unlisted companies | | |
| Taiwan VCM Corporation ("TVCM") | $ 4,430,430 | $ 4,076,858 |
| CGPC Polymer Corporation ("CGPCPOL") | 626,961 | 701,707 |
| CGPC（BVI）Holding Co., Ltd.("CGPC（BVI）") | 313,820 | 333,626 |
| CGPC America Corporation ("CGPC-America ") | 168,219 | 186,395 |
| | $ 5,539,430 | $ 5,298,586 |

At the end of the reporting periods, the percentage of ownership interests and voting rights held by the Company in the subsidiaries were as follows:

| Subsidiary | December 31, 2023 | December 31, 2022 |
|---|---|---|
| TVCM | 87.27% | 87.27% |
| CGPCPOL | 100% | 100% |
| CGPC（BVI） | 100% | 100% |
| CGPC-America | 100% | 100% |

On November 21, 2023, the board of directors of CGPC (BVI) resolved to reduce capital to make up its losses and return part of the share capital, totaling USD1,500 thousand.

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.

On November 27, 2023, the board of directors of CGPCPOL resolved to reduce capital to make up its losses of $298,293 thousand and to eliminate 29,829 thousand issued shares. The base date for capital reduction was November 28, 2023.

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 statements 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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Listed companies | | |
| Acme Electronics Corporation ("ACME") | $ 29,629 | $ 23,911 |
| Unlisted companies | | |
| China General Terminal & Distribution Corporation ("CGTD") | 329,972 | 355,611 |
| | $ 359,601 | $ 379,522 |

Aggregate information of associates that are not individually material

| | 2023 | 2022 |
|---|---|---|
| The Company's share of: | | |
| Profit (loss) for the year | ( $ 11,546 ) | $ 10,208 |
| Other comprehensive loss | ( 17,518 ) | ( 27,625 ) |
| Total comprehensive loss | ( $ 29,064 ) | ( $ 17,417 ) |

At the end of the reporting periods, the percentage of ownership and voting rights held by the Company in the associates were as follows:

| Company name | December 31, 2023 | December 31, 2022 |
|---|---|---|
| ACME | 1.67% | 1.74% |
| CGTD | 33.33% | 33.33% |

The Company did not subscribe for the cash capital increase of ACME in proportion to its shareholding, resulting in a decrease in the shareholding ratio from 1.74% to 1.67%, with the base date of capital increase on January 16, 2023.

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 Company 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, 2023 | December 31, 2022 |
|---|---|---|
| ACME | $ 89,520 | $ 76,066 |

The Company’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, 2023 and 2022 were based on the associates’ financial statements which have been audited for the same years.

## 13. Property, Plant and Equipment

| | Freehold Land | Buildings and Improvements | Machinery and Equipment | Transportation Equipment | Miscellaneous Equipment | Construction in Progress and Machinery in Transit | Total |
|---|---|---|---|---|---|---|---|
| Cost | | | | | | | |
| Balance as of January 1, 2023 | $ 1,629,671 | $ 971,314 | $ 5,445,929 | $ 62,030 | $ 162,352 | $ 941,377 | $ 9,212,673 |
| Additions | - | - | - | - | - | 875,595 | 875,595 |
| Disposal | - | ( 59,133) | ( 514,674) | ( 2,404) | ( 2,987) | - | ( 579,198) |
| Reclassification | - | 115,533 | 727,026 | 3,673 | 6,762 | ( 852,994) | - |
| Balance as of December 31, 2023 | $ 1,629,671 | $ 1,027,714 | $ 5,658,281 | $ 63,299 | $ 166,127 | $ 963,978 | $ 9,509,070 |
| Accumulated depreciation and impairment | | | | | | | |
| Balance as of January 1, 2023 | $ - | $ 720,795 | $ 4,425,990 | $ 46,687 | $ 150,723 | $ - | $ 5,344,195 |
| Depreciation expenses | - | 41,921 | 192,402 | 6,037 | 5,269 | - | 245,629 |
| Disposal | - | ( 58,395) | ( 506,966) | ( 2,403) | ( 2,950) | - | ( 570,714) |
| Balance as of December 31, 2023 | $ - | $ 704,321 | $ 4,111,426 | $ 50,321 | $ 153,042 | $ - | $ 5,019,110 |
| Net amount as of December 31, 2023 | $ 1,629,671 | $ 323,393 | $ 1,546,855 | $ 12,978 | $ 13,085 | $ 963,978 | $ 4,489,960 |
| Cost | | | | | | | |
| 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 | $ 1,629,671 | $ 971,314 | $ 5,445,929 | $ 62,030 | $ 162,352 | $ 941,377 | $ 9,212,673 |
| Accumulated depreciation and impairment | | | | | | | |
| 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 | $ - | $ 720,795 | $ 4,425,990 | $ 46,687 | $ 150,723 | $ - | $ 5,344,195 |
| Net amount as of December 31, 2022 | $ 1,629,671 | $ 250,519 | $ 1,019,939 | $ 15,343 | $ 11,629 | $ 941,377 | $ 3,868,478 |

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 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 Company's property, plant and equipment were assessed and there was no impairment as of December 31, 2023 and 2022.

## 14. Investment Property

| | Land | Buildings and Improvements | Total |
|---|---|---|---|
| Cost | | | |
| Balance as of January 1 and December 31, 2023 | $ 27,715 | $ 292,932 | $ 320,647 |
| Accumulated depreciation | | | |
| Balance as of January 1, 2023 | $ - | $ 77,226 | $ 77,226 |
| Depreciation expenses | - | 11,758 | 11,758 |
| Balance as of December 31, 2023 | $ - | $ 88,984 | $ 88,984 |
| Net amount as of December 31, 2023 | $ 27,715 | $ 203,948 | $ 231,663 |
| Cost | | | |
| Balance as of January 1 and December 31, 2022 | $ 27,715 | $ 292,932 | $ 320,647 |
| Accumulated depreciation | | | |
| 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 |

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, 2023 and 2022 is as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Year 1 | $ 27,231 | $ 12,354 |
| Year 2 | 25,647 | 10,970 |
| Year 3 | 25,647 | 10,970 |
| Year 4 | 25,647 | 10,970 |
| Year 5 | 25,648 | 10,970 |
| Over 5 years | 12,824 | 16,455 |
| | $ 142,644 | $ 72,689 |

Except for the recognition of depreciation expense, the Company’s investment properties did not experience significant additions, disposals, and impairments in 2023 and 2022.

The investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Buildings and Improvements | 5~26 years |

## 15. Borrowings

(1) Short-term borrowings

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Unsecured borrowings | | |
| Bank loans | $ 780,000 | $ 190,000 |
| The range of interest rate | 1.659%-1.727% | 1.696% |

(2) Long-term borrowings

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Unsecured borrowings | | |
| Bank loans | $ 629,169 | $ 792,549 |
| The range of interest rate | 1.100%-1.250% | 0.975%-1.350% |

Based on "Action Plan for Accelerated Investment by Domestic Corporations," the Company obtained a low-interest bank loan of $1,451,200 thousand, and it recognized and measured the loan according to the market interest rate. The difference between the actual interest paid and the preferential interest rate shall be treated as government subsidies. As of December 31, 2023, it has made drawdowns of $634,565 thousand.

## 16. Notes/Trade Payables

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Notes payables | | |
| Operating | $ 42,018 | $ - |
| Trade payables (including related parties) (Note 26) | | |
| Operating | $ 807,926 | $ 1,020,576 |

The average payment period of notes/trade payables was 2 months. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

## 17. Other Payables - Non-Related Parties

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Payables for purchases of equipment | $ 168,941 | $ 79,008 |
| Payables for salaries or bonuses | 133,359 | 128,101 |
| Payables for utilities | 44,569 | 47,455 |
| Payables for freight | 25,745 | 40,673 |
| Dividends payable | 12,005 | 9,216 |
| Miscellaneous tax payable | 2,697 | 2,981 |
| Others | 66,241 | 112,794 |
| | $ 453,557 | $ 420,228 |

## 18. Retirement Benefit Plans

(1) Defined contribution plans

The Company adopts 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.

(2) Defined benefit plans

The pension system adopted by the Company 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 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 Company has no right over its investment and administration strategies.

The amounts of defined benefit plans included in the balance sheets are as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Present value of defined benefit obligation | $ 903,170 | $ 966,803 |
| Fair value of plan assets | ( 591,174 ) | ( 638,124 ) |
| Net defined benefit liabilities | $ 311,996 | $ 328,679 |

Changes of net defined benefit liabilities (assets) were as follows:

| | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit liabilities (assets) |
|---|---|---|---|
| Balance as of January 1, 2022 | $ 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 gain - 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 | 966,803 | ( 638,124 ) | 328,679 |
| Service costs for the current period | 5,744 | - | 5,744 |
| Interest expense (income) | 12,729 | ( 8,573 ) | 4,156 |
| Components recognized in profit or loss | 18,473 | ( 8,573 ) | 9,900 |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest expense) | - | ( 4,754 ) | ( 4,754 ) |
| Actuarial gain - changes in financial assumptions | 7,292 | - | 7,292 |
| Actuarial gain - experience adjustments | 8,070 | - | 8,070 |
| Components recognized in other comprehensive income | 15,362 | ( 4,754 ) | 10,608 |
| Contribution by the employer | - | ( 37,012 ) | ( 37,012 ) |
| Benefits paid from plan assets | ( 97,289 ) | 97,289 | - |
| Benefits paid from company | ( 179 ) | - | ( 179 ) |
| Balance as of December 31, 2023 | $ 903,170 | ( $ 591,174 ) | $ 311,996 |

Amounts recognized in profit or loss for defined benefit plan are summarized by functions as follows:

| | 2023 | 2022 |
|---|---|---|
| Operating costs | $ 8,097 | $ 8,179 |
| Selling and marketing expenses | 1,168 | 1,219 |
| General and administrative expenses | 225 | 284 |
| Research and development expenses | 410 | 400 |
| | $ 9,900 | $ 10,082 |

The Company 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 Company 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 Company's defined benefit obligations is calculated by certified actuaries and the major assumptions on the assessment date are as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Discount rate | 1.250% | 1.375% |
| 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:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Discount rate | | |
| Increase by 0.25% | ( $ 14,485 ) | ( $ 16,124 ) |
| Decrease by 0.25% | $ 14,884 | $ 16,579 |
| Average long-term salary adjustment rate | | |
| Increase by 0.25% | $ 14,440 | $ 16,098 |
| Decrease by 0.25% | ( $ 14,127 ) | ( $ 15,737 ) |

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.

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Expected amount of contribution within 1 year | $ 37,937 | $ 52,891 |
| Average duration of defined benefit obligations | 6.6 years | 6.8 years |

## 19. Equity

(1) Ordinary shares

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Number of shares authorized (in thousands) | 650,000 | 650,000 |
| Share authorized | $ 6,500,000 | $ 6,500,000 |
| Number of shares issued and fully paid (in thousands) | 581,050 | 581,050 |
| Share issued | $ 5,810,505 | $ 5,810,505 |

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 and which generated from investments in associates accounted for using the equity method may be used only to offset previous deficits.

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 21(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, 2022 and 2021 on May 26, 2023 and May 30, 2022 as follows:

| | Appropriation of Earnings | | Dividends Per Share (NT$) | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Legal reserve | $ - | $ 246,913 | | |
| Cash dividends | 174,315 | 1,452,626 | $ 0.3 | $ 2.5 |

On March 5, 2024, the Board of Directors proposed the distribution of earnings for the year ended December 31, 2023 as follows:

| | Appropriation of Earnings | Dividends Per Share (NT$) |
|---|---|---|
| Legal reserve | $ 33,259 | |
| Cash dividends | 203,368 | $ 0.35 |

The distribution of earnings for the year ended December 31, 2023 is subject to the resolution in the shareholders' meeting on May 28, 2024.

(4) Special reserve

The Company appropriated a special reserve in the amount of $428,727 thousand, $408,223 thousand after offsetting a deficit, from the net increase of retained earnings arising from the initial adoption of IFRS Accounting Standards. As of December 31, 2023, such amount has not changed.

(5) Other Equity

1) Exchange differences on translating the financial statements of foreign operations

| | 2023 | 2022 |
|---|---|---|
| Balance at January 1 | ( $ 18,861 ) | ( $ 52,461 ) |
| Recognized for the year | | |
| Exchange differences on translating the financial statements of foreign operations | ( 2,159 ) | 41,526 |
| Share of exchange of differences of associates accounted for using the equity method | ( 553 ) | 379 |
| Related income tax | 432 | ( 8,305 ) |
| Balance at December 31 | ( $ 21,141 ) | ( $ 18,861 ) |

2) Unrealized gains (losses) on financial assets at FVTOCI

| | 2023 | 2022 |
|---|---|---|
| Balance at January 1 | $ 86,024 | $ 132,733 |
| Recognized for the year | | |
| Unrealized losses equity Instruments | ( 7,170 ) | ( 14,733 ) |
| Share of subsidiaries and associates accounted for using the equity method | ( 17,548 ) | ( 31,976 ) |
| Balance at December 31 | $ 61,306 | $ 86,024 |

## 20. Revenue

(1) Revenue from contracts with customers

| | 2023 | 2022 |
|---|---|---|
| Revenue from the sale of goods | | |
| PVC products | $ 7,768,367 | $ 10,186,976 |

Refer to Schedule 6 for the revenue from the sale of goods of the Company.

(2) Contract balances

Please refer to Note 10 for information related to notes receivable and trade receivables.

| | December 31, 2023 | December 31, 2022 | January 1, 2022 |
|---|---|---|---|
| Contract liabilities (presented in other current liabilities) | $ 39,241 | $ 56,151 | $ 63,475 |

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, 2023 | December 31, 2022 |
|---|---|---|
| Refunds liabilities (presented in other current liabilities) | $ 22,216 | $ 19,660 |

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.

## 21. Net Profit (Loss) for the Year

(1) Interest income

| | 2023 | 2022 |
|---|---|---|
| Bank deposits | $ 1,327 | $ 889 |
| Financial assets at FVTPL | 1,510 | 1,110 |
| Others | 249 | 829 |
| | $ 3,086 | $ 2,828 |

(2) Other income

| | 2023 | 2022 |
|---|---|---|
| Rental income | $ 20,668 | $ 15,956 |
| Dividend income | 1,264 | 8,203 |
| Indemnity income | 61 | 26,449 |
| Others | 22,031 | 9,931 |
| | $ 44,024 | $ 60,539 |

(3) Other gains and losses

| | 2023 | 2022 |
|---|---|---|
| Gains on disposal of property, plant and equipment | $ 6,835 | $ 5,297 |
| Gross foreign exchange gains | 57,554 | 159,740 |
| Gross foreign exchange losses | ( 48,165 ) | ( 19,962 ) |
| Net gains (losses) on fair value change on financial instruments at FVTPL | 1,692 | ( 31,715 ) |
| Depreciation expenses from investment properties | ( 11,758 ) | ( 13,598 ) |
| Depreciation expenses of property, plant and equipment | ( 4,045 ) | ( 2,023 ) |
| Others | ( 51,332 ) | ( 4,127 ) |
| | ( $ 49,219 ) | $ 93,612 |

(4) Depreciation and amortization

| | 2023 | 2022 |
|---|---|---|
| Property, Plant and Equipment | $ 245,629 | $ 224,852 |
| Investment Property | 11,758 | 13,598 |
| Intangible assets | 930 | 59 |
| | $ 258,317 | $ 238,509 |
| Analysis of depreciation by function | | |
| Operating costs | $ 238,538 | $ 221,126 |
| Operating expenses | 3,046 | 1,703 |
| Other gains and losses | 15,803 | 15,621 |
| | $ 257,387 | $ 238,450 |
| Analysis of amortization by function | | |
| Operating costs | $ 866 | $ - |
| Operating expenses | 64 | 59 |
| | $ 930 | $ 59 |

(5) Employee benefits expense

| | 2023 | 2022 |
|---|---|---|
| Post-employment benefits (Note 18) | | |
| Defined contribution plans | $ 18,831 | $ 18,472 |
| Defined benefit plans | 9,900 | 10,082 |
| | 28,731 | 28,554 |
| Other employee benefits | 723,147 | 726,285 |
| Total employee benefits expenses | $ 751,878 | $ 754,839 |
| | | |
| Analysis of employee benefits expense by function | | |
| Operating costs | $ 632,247 | $ 627,480 |
| Operating expenses | 119,631 | 127,359 |
| | $ 751,878 | $ 754,839 |

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 December 31, 2022, the remuneration of employees and directors were not accrued due to the deficit.

The remuneration of employees and directors for 2023, approved by the Company's board of directors on March 5, 2024 was as follows:

Accrual rate

| | 2023 |
|---|---|
| Remuneration of Employees | 1% |
| Remuneration of Directors | - |

Amount of Cash

| | 2023 |
|---|---|
| Remuneration of Employees | $ 3,130 |

If there is a change in the amounts after the annual parent company only 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 parent company only financial statements for the year ended December 31, 2021.

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.

## 22. Taxation

(1) Income tax expense recognized in profit or loss

Major components of income tax benefits are as follows:

| | 2023 | 2022 |
|---|---|---|
| Current tax | | |
| In respect of the current year | $ - | $ - |
| Adjustments for prior periods | 13,622 | ( 1,363 ) |
| | 13,622 | ( 1,363 ) |
| Deferred tax | | |
| In respect of the current year | ( 45,655 ) | ( 47,933 ) |

| | | |
|---|---|---|
| Adjustments for prior periods | ( 42 ) | 510 |
| | ( 45,697 ) | ( 47,423 ) |
| Income tax benefits recognized in profit or loss | ( $ 32,075 ) | ( $ 48,786 ) |

Reconciliation between accounting income (loss) and current income tax expenses (benefits) is as follows:

| | 2023 | 2022 |
|---|---|---|
| Net profit (loss) before income tax | $ 309,841 | ( $ 419,033 ) |
| Income tax expenses (benefits) calculated at the statutory rate | $ 61,968 | ( $ 83,807 ) |
| Domestic investments recognized under equity method | ( 113,394 ) | 57,748 |
| Tax-exempted income | ( 719 ) | ( 3,035 ) |
| Gains (losses) on financial assets | 128 | 1,551 |
| Fees that cannot be deducted from taxes | 3 | 1,138 |
| Unrecognized deductible temporary differences | 6,359 | ( 21,528 ) |
| Adjustments for prior periods | 13,580 | ( 853 ) |
| Income tax benefits recognized in profit or loss | ( $ 32,075 ) | ( $ 48,786 ) |

(2) Income tax recognized in other comprehensive income

| | 2023 | 2022 |
|---|---|---|
| Deferred tax | | |
| In respect of the current year | | |
| －Translation of foreign operations | $ 432 | ( $ 8,305 ) |
| －Remeasurement of defined benefit plans | 2,121 | ( 20,552 ) |
| Income tax recognized in other comprehensive income | $ 2,553 | ( $ 28,857 ) |

(3) Current tax assets and liabilities

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Current tax assets | | |
| Tax refunds receivables | $ 290 | $ 273 |

(4) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities were as follows:

2023

| | Balance at January 1 | Components recognized in profit or loss | Components recognized in other comprehensive income | Balance at December 31 |
|---|---|---|---|---|
| Deferred tax assets | | | | |
| Temporary differences | | | | |
| Allowance for inventory write-down | $ 22,692 | $ 331 | $ - | $ 23,023 |
| Investment accounted for equity method | 115,684 | ( 411 ) | 432 | 115,705 |
| Deferred revenue | 9,613 | ( 876 ) | - | 8,737 |
| Refunds liabilities | 3,932 | 458 | - | 4,390 |
| Defined benefit pension plans | 65,736 | ( 5,458 ) | 2,121 | 62,399 |
| Holiday benefits payable | 8,478 | ( 338 ) | - | 8,140 |
| Loss carryforwards | - | 48,578 | - | 48,578 |
| Others | 1,010 | 3,321 | - | 4,331 |
| | $ 227,145 | $ 45,605 | $ 2,553 | $ 275,303 |
| Deferred tax liabilities | | | | |
| Temporary differences | | | | |
| Revaluation increments of land | $ 483,213 | $ - | $ - | $ 483,213 |
| Others | 596 | ( 92 ) | - | 504 |
| | $ 483,809 | ( $ 92 ) | $ - | $ 483,717 |

2022

| | Balance at January 1 | Components recognized in profit or loss | Components recognized in other comprehensive income | Balance at December 31 |
|---|---|---|---|---|
| Deferred tax assets | | | | |
| 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 pension plans | 94,493 | ( 8,205 ) | ( 20,552 ) | 65,736 |
| Holiday benefits payable | 8,784 | ( 306 ) | - | 8,478 |
| Others | 1,712 | ( 702 ) | - | 1,010 |
| | $ 210,021 | $ 45,981 | ( $ 28,857 ) | $ 227,145 |
| Deferred tax liabilities | | | | |
| Temporary differences | | | | |
| Revaluation increments of land | $ 483,213 | $ - | $ - | $ 483,213 |
| Others | 2,038 | ( 1,442 ) | - | 596 |
| | $ 485,251 | ( $ 1,442 ) | $ - | $ 483,809 |

(5) Information on unused loss carryforwards

As of December 31, 2023, the Company's unused loss carryforwards were $242,890 thousand which will expire in succession before 2033.

(6) Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

## 23. Earnings (Losses) Per Share

Unit: NT$ Per Share

| | 2023 | 2022 |
|---|---|---|
| Basic earnings (losses) per share | $ 0.59 | ( $ 0.64 ) |
| Diluted earnings (losses) per share | $ 0.59 | ( $ 0.64 ) |

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

| | 2023 | 2022 |
|---|---|---|
| The net profit (loss) used to calculate basic and diluted earnings (losses) per share | $ 341,916 | ( $ 370,247 ) |

Shares

Unit: Thousands of shares

| | 2023 | 2022 |
|---|---|---|
| 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 | 140 | - |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | 581,190 | 581,050 |

If the Company offered to settle remuneration paid to employees in cash or shares, the Company 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 the state of deficit.

## 24. Capital Management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

## 25. 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, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at FVTPL | | | | |
| Mutual Funds | $ 140,000 | $ - | $ - | $ 140,000 |
| Beneficiary securities | 67,309 | - | - | 67,309 |
| Investments in equity instruments | | | | |
| －Domestic listed equity investments | 89,600 | - | - | 89,600 |
| | $ 296,909 | $ - | $ - | $ 296,909 |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| －Domestic unlisted equity investments | $ - | $ - | $ 60,474 | $ 60,474 |

December 31, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at FVTPL | | | | |
| Mutual Funds | $ 350,255 | $ - | $ - | $ 350,255 |
| Beneficiary securities | 54,186 | - | - | 54,186 |
| Investments in equity instruments | | | | |
| －Domestic listed equity investments | 18,916 | - | - | 18,916 |
| | $ 423,357 | $ - | $ - | $ 423,357 |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| －Domestic unlisted equity investments | $ - | $ - | $ 67,644 | $ 67,644 |

There were no transfers between Levels 1 and 2 fair value measurement for the years ended December 31, 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial instruments

2023

| | Financial assets at FVTOCI |
|---|---|
| Balance at January 1 | $ 67,644 |
| Components recognized in other comprehensive income | ( 7,170 ) |
| Balance at December 31 | $ 60,474 |

2022

| | Financial assets at FVTOCI |
|---|---|
| Balance at January 1 | $ 82,377 |
| Components recognized in other comprehensive income | ( 14,733 ) |
| Balance at December 31 | $ 67,644 |

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 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% as of December 31, 2023 and 2022. When other inputs remain unchanged, the fair value will decrease by $711 thousand and $796 thousand, respectively if the discount for lack of marketability increases by 1%.

(3) Categories of financial instruments

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Financial assets | | |
| Financial assets at FVTPL | | |
| Mandatorily classified at FVTPL | $ 296,909 | $ 423,357 |
| Financial assets at amortized cost | | |
| Cash and Cash Equivalents | 98,321 | 96,210 |
| Time deposits with maturity over 3 months | 10,000 | - |
| Notes receivable | 87,781 | 128,386 |
| Trade receivables (including related parties) | 658,129 | 880,120 |
| Other receivables (including related parties and excluding tax refund receivable) | 2,731 | 1,750 |
| Refundable deposits | 8,852 | 8,759 |
| Financial assets at FVTOCI－Equity instruments | 60,474 | 67,644 |
| Financial liabilities | | |
| At amortized cost | | |
| Short-term borrowings | 780,000 | 190,000 |
| Notes payables | 42,018 | - |
| Trade payables (including related parties) | 807,926 | 1,020,576 |
| Other payables (Note) | 319,327 | 295,626 |
| Long-term borrowings | 629,169 | 792,549 |
| Guarantee deposits | 22,221 | 16,989 |

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 conduct of risk control and hedging strategy is influenced by the operational environment. The Company 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 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 conducted 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 is regulated by the policies passed by the Company'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 Company engaged in were not for speculation 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 29.

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 of the Company against U.S. dollars, the net income (loss) before tax in 2023 and 2022 would have decreased/increased by $12,780 thousand and increased/decreased by $16,539 thousand, respectively.

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 the 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 Company's interest rates more closely approach market rates in response to the interest rate risk.

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, 2023 | December 31, 2022 |
|---|---|---|
| Fair value interest rate risk | | |
| - Financial assets | $ 18,495 | $ 8,401 |
| - Financial liabilities | 780,000 | 490,000 |
| Cash flow interest rate risk | | |
| - Financial assets | 74,688 | 62,483 |
| - Financial liabilities | 629,169 | 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 profit (loss) in 2023 and 2022 would have decreased/increased by $2,772 thousand and increased/decreased by $2,150 thousand, respectively.

III) Other price risks

The Company was exposed to the equity price risk through its investments in domestic listed shares, domestic unlisted shares, beneficiary securities 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 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 Company'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 the price marketable securities had increased/decreased by 5%, the pre-tax profit (loss) for the years ended December 31, 2023 and 2022 would have increased/decreased by $7,845 thousand and decreased/increased $3,655 thousand, respectively, 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, 2023 and 2022 would have increased/decreased by $3,024 thousand and $3,382 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 parent company only 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 Company's trade receivable included numerous clients distributed over a variety of areas and were not centered on a single client or location. Furthermore, the Company continuously assesses the financial condition of its clients, and then the Company's credit risk was limited. As of the end of the reporting period, the Company'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, 2023

| | Effective Interest Rate (%) | On Demand or Less than 1 Year | 1-5 Years | Over 5 Years |
|---|---|---|---|---|
| Non-derivative financial liabilities | | | | |
| Non-interest bearing liabilities | | $1,169,271 | $ - | $ - |
| Floating interest rate liabilities | 1.100-1.250 | 7,116 | 646,188 | - |
| Fixed interest rate liabilities | 1.659-1.727 | 781,469 | - | - |
| | | $1,957,856 | $ 646,188 | $ - |

December 31, 2022

| | Effective Interest Rate (%) | On Demand or Less than 1 Year | 1-5 Years | Over 5 Years |
|---|---|---|---|---|
| Non-derivative financial liabilities | | | | |
| 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 | - |
| | | $1,511,815 | $ 811,335 | $ - |

II) Financing facilities

The Company 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:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Bank loan facilities －Amount unused | $ 3,386,021 | $ 2,501,938 |

## 26. Transactions with Related Parties

As of December 31, 2023 and 2022, USI Corporation held through its subsidiary, Union Polymer International Investment Corporation, 24.97% of the Company’s outstanding ordinary shares. Besides information disclosed elsewhere in other notes, details of transactions between the Company and related parties are disclosed below:

(1) Related parties names and categories

| Related Party Name | Related Party Category |
|---|---|
| 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 |
| Asia Polymer Investment Corporation | Subsidiary of investor with significant influence |
| USI Educational Foundation ("USIF") | Related party in substance |

(2) Sales

| Related Party Category | 2023 | 2022 |
|---|---|---|
| Subsidiary | $ 455,735 | $ 452,012 |
| Investor with significant influence | 2,481 | 2,279 |
| Fellow subsidiary | 328 | 464 |
| | $ 458,544 | $ 454,755 |

The sales of goods to related parties had no material differences from those of general sales transactions.

(3) Purchase

| Related Party Category/Name | 2023 | 2022 |
|---|---|---|
| Subsidiary | | |
| TVCM | $ 4,052,178 | $ 6,196,440 |
| Others | 31,542 | 48,475 |
| Fellow subsidiary | 47,783 | 63,128 |
| Ultimate parent company | 659 | 2,109 |
| | $ 4,132,162 | $ 6,310,152 |

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 - related parties

| Related Party Category/Name | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Subsidiary | | |
| CGPC-America | $ 158,345 | $ 144,312 |
| Investor with significant influence | - | 630 |
| Fellow subsidiary | - | 128 |
| | $ 158,345 | $ 145,070 |

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, 2023 and 2022.

(5) Trade payables to related parties

| Related Party Category/Name | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Subsidiary | | |
| TVCM | $ 646,641 | $ 790,837 |
| Others | 4,391 | 5,074 |
| Fellow subsidiary | 5,869 | 7,487 |
| Ultimate parent company | 132 | 27 |
| | $ 657,033 | $ 803,425 |

The outstanding trade payables to related parties were unsecured.

(6) Other receivables from related parties

| Related Party Category | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Subsidiary | $ 2,167 | $ 1,118 |
| Investor with significant influence | 479 | 570 |
| Fellow subsidiary | 11 | 10 |
| Ultimate parent company | 4 | 7 |
| Associate | - | 2 |
| | $ 2,661 | $ 1,707 |

(7) Other payables to related parties

| Related Party Category | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Ultimate parent company | $ 1,294 | $ 5,817 |
| Grandchild company | 235 | 454 |
| Fellow subsidiary | 110 | 124 |
| Investor with significant influence | 187 | 67 |
| Subsidiary | - | 18 |
| | $ 1,826 | $ 6,480 |

(8) Acquisitions of property, plant and equipment

| | Purchase Price | |
|---|---|---|
| Related Party Category | 2023 | 2022 |
| Ultimate parent company | $ - | $ 3,850 |

(9) Endorsements/Guarantees

| Related Party Category/Name | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Subsidiary | | |
| CGPCPOL | $ 1,061,717 | $ 600,000 |

(10) Lease arrangements

| Related Party Category/Name | 2023 | 2022 |
|---|---|---|
| Lease expenses | | |
| Ultimate parent company | $ 4,820 | $ 4,895 |
| Investor with significant influence | | |
| APC | 2,062 | 1,639 |
| | $ 6,882 | $ 6,534 |

The Company leases offices in Neihu from Ultimate parent company and APC. The rentals are paid on a monthly basis.

(11) Management service expenses

| Related Party Category/Name | 2023 | 2022 |
|---|---|---|
| Fellow subsidiary | | |
| UM | $ 75,827 | $ 74,077 |
| Ultimate parent company | 4,225 | 3,710 |
| | $ 80,052 | $ 77,787 |

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

| Related Party Category/Name | 2023 | 2022 |
|---|---|---|
| Related party in substance | | |
| USIF | $ - | $ 5,000 |

(13) Rental income

| Related Party Category/Name | 2023 | 2022 |
|---|---|---|
| Fellow subsidiary | | |
| USIO | $ 5,249 | $ 4,100 |
| Others | 44 | 37 |
| Investor with significant influence | 266 | 273 |
| | $ 5,559 | $ 4,410 |

USIO signed a factory lease contract with the Company with a lease term until April 15, 2024. 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

| Related Party Category | 2023 | 2022 |
|---|---|---|
| Investor with significant influence | $ 1,009 | $ 1,378 |
| Subsidiary | 260 | 227 |
| | $ 1,269 | $ 1,605 |

(15) Other expenses

| Related Party Category | 2023 | 2022 |
|---|---|---|
| Subsidiary | $ - | $ 48 |
| Grandchild company | 552 | 737 |
| | $ 552 | $ 785 |

(16) Compensation of key management personnel

| | 2023 | 2022 |
|---|---|---|
| Salaries and others | $ 21,560 | $ 20,323 |
| Post-employment benefits | 108 | 108 |
| | $ 21,668 | $ 20,431 |

The compensation of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

## 27. 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:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Pledge time deposits (Refundable deposits) | $ 8,495 | $ 8,401 |

## 28. 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 as follows:

(1) As of December 31, 2023 and 2022, the Company’s unused letters of credit amounted to $0 thousand and $5,062 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 $231,585 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 $9,555 thousand as of February 27, 2024.

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 27, 2024, 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 $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.

## 29. Significant Assets and Liabilities Denominated in Foreign Currencies

The Company's 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:

Unit: Except for the exchange rate, all in thousands

December 31, 2023

| | Foreign Currencies | Exchange Rate (In Single Dollars) | Carrying Amount |
|---|---|---|---|
| Financial assets | | | |
| Monetary items | | | |
| USD | $ 14,759 | 30.705(USD/NTD) | $ 453,172 |
| EUR | 483 | 33.980(EUR/NTD) | 16,404 |
| AUD | 517 | 20.980(AUD/NTD) | 10,845 |
| GBP | 48 | 39.150(GBP/NTD) | 1,865 |
| Non-monetary items | | | |
| Subsidiaries accounted for using the equity method | | | |
| USD | 15,699 | 30.705(USD/NTD) | 482,039 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD | $ 885 | 30.705(USD/NTD) | $ 27,180 |
| RMB | 323 | 4.3352(RMB/NTD) | 1,402 |
| EUR | 33 | 33.980(EUR/NTD) | 1,110 |
| AUD | 4 | 20.980(AUD/NTD) | 85 |

December 31, 2022

| | Foreign Currencies | Exchange Rate (In Single Dollars) | Carrying Amount |
|---|---|---|---|
| Financial assets | | | |
| Monetary items | | | |
| USD | $ 19,184 | 30.710(USD/NTD) | $ 589,130 |
| EUR | 574 | 32.720(EUR/NTD) | 18,769 |
| AUD | 707 | 20.830(AUD/NTD) | 14,732 |
| GBP | 122 | 37.090(GBP/NTD) | 4,521 |
| Non-monetary items | | | |
| Subsidiaries accounted for using the equity method | | | |
| USD | 16,933 | 30.710(USD/NTD) | 520,021 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD | 1,232 | 30.710(USD/NTD) | 37,839 |
| EUR | 152 | 32.720(EUR/NTD) | 4,970 |

For the years ended December 31, 2023 and 2022, net foreign exchange gains were $9,389 thousand and $139,778 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.

## 30. 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 NT$300 million or 20% of the paid-in capital: Table 4.

5) Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.

6) Disposals of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 6.

9) Trading in derivative instruments: None.

(2) Information on Reinvestment: 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, 2023**

Table 11

Unit: NT$ thousands

| Number | Lender | Borrower | Financial Statement Account | Related Party (Yes/No) | Highest Balance for the Year | Balance at the End of the Year | Actual Borrowing Amount | Range of Interest Rate (%) | Nature of Financing | Business Transaction Amount | Reasons for Short-term Financing | Allowance for Bad Debt | Collateral | | Financing Limit for Each Borrower (Note) | Aggregate Financing Limit (Note) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Name | Value | | |
| 0 | China General Plastics Corporation | CGPC Polymer Corporation | Other receivables from related parties | Yes | $ 300,000 | $ - | $ - | - | Short-term financing | $ - | Business turnover | $ - | - | $ - | $ 3,832,591 | $ 3,832,591 |

Note: The total amount of the Company's financing provided to others shall not exceed 40% of the Company's net worth stated on the latest financial statements audited or reviewed by certified public accountants.

# China General Plastics Corporation

**Endorsements / Guarantees Provided**

**For the Year Ended December 31, 2023**

Table 12

Unit: NT$ thousands

| Number | Endorser/Guarantor | Endorsee/Guarantee | | Limits on Endorsement / Guarantee Made for Each Party (Note 2) | Maximum Amount Endorsed / Guaranteed During the Year | Outstanding Endorsement/ Guarantee at the End of the Year | Actual Borrowing Amount | Amount Endorsed/ Guaranteed by Collateral | Ratio of Accumulated Endorsement / Guarantee to Net Equity in Latest Financial Statements (%) (Note 1) | 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 | $ 5,748,886 | $ 1,361,717 | $ 1,061,717 | $ 400,307 | None | 11.08% | $ 9,581,477 | Yes | No | No |

Note1. The ratio is calculated using the ending balance of equity of the Company as of December 31, 2023.

Note2. 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, 2023**

Table 13

Unit: NT$ thousands

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2023 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Unit / Share | Carrying Amount | Percentage of Ownership (%) | Fair value | |
| China General Plastics Corporation | Beneficiary securities | | | | | | | |
| | Cathay No. 1 Real Estate Investment Trust | — | Financial assets at FVTPL - current | 3,964,000 | $ 67,309 | - | $ 67,309 | (Note 1) |
| | Mutual Funds | | | | | | | |
| | CTBC Hua-Win Money Market Fund | — | Financial assets at FVTPL - current | 2,651,301 | 30,000 | - | 30,000 | (Note 1) |
| | KGI Victory Money Market Fund | — | 〃 | 2,521,602 | 30,000 | - | 30,000 | (Note 1) |
| | PGIM Money Market Fund | — | 〃 | 1,845,166 | 30,000 | - | 30,000 | (Note 1) |
| | Hua Nan Phoenix Money Market Fund | — | 〃 | 1,793,765 | 30,000 | - | 30,000 | (Note 1) |
| | UPAMC James Bond Money Market Fund | — | 〃 | 583,216 | 10,000 | - | 10,000 | (Note 1) |
| | TCB Taiwan Money Market Fund | — | 〃 | 960,227 | 10,000 | - | 10,000 | (Note 1) |
| | Ordinary shares | | | | | | | |
| | Taiwan Cement Corporation | — | Financial assets at FVTPL - current | 2,000,000 | 69,700 | - | 69,700 | (Note 1) |
| | Hon Hai Precision Ind. Co., Ltd. | — | 〃 | 100,000 | 10,450 | - | 10,450 | (Note 1) |
| | China Steel Corporation | — | 〃 | 350,000 | 9,450 | - | 9,450 | (Note 1) |
| | Ordinary shares | | | | | | | |
| | KHL IB Venture Capital Co., Ltd. | — | Financial assets at FVTOCI - non-current | 6,566,096 | 60,474 | 5.95% | 60,474 | (Note 1) |
| Taiwan VCM Corporation | Mutual Funds | | | | | | | |
| | SinoPac TWD Money Market Fund | — | Financial assets at FVTPL - current | 10,792,282 | 154,340 | - | 154,340 | (Note 1) |
| | Hua Nan Phoenix Money Market Fund | — | 〃 | 5,994,413 | 100,254 | - | 100,254 | (Note 1) |
| | Taishin 1699 Money Market Fund | — | 〃 | 6,787,013 | 94,628 | - | 94,628 | (Note 1) |
| | Capital Money Market Fund | — | 〃 | 3,018,394 | 50,066 | - | 50,066 | (Note 1) |
| | Jih Sun Money Market Fund | — | 〃 | 1,967,394 | 30,012 | - | 30,012 | (Note 1) |
| | Shin Kong Chi-Shin MoneyMarket Fund | — | 〃 | 1,887,208 | 30,011 | - | 30,011 | (Note 1) |
| | Fubon Chi-Hsiang Money Market Fund | — | 〃 | 1,863,655 | 30,011 | - | 30,011 | (Note 1) |
| | Ordinary shares | | | | | | | |
| | Asia Polymer Corporation | The major shareholders are the same as the those of the Company | Financial assets at FVTOCI - non-current | 130,244 | 3,047 | 0.02% | 3,047 | (Note 1) |
| CGPC Polymer Corporation | Mutual Funds | | | | | | | |
| | SinoPac TWD Money Market Fund | — | Financial assets at FVTPL - current | 7,007,081 | 100,208 | - | 100,208 | (Note 1) |
| | Shin Kong Chi-Shin Money-Market Fund | — | 〃 | 2,201,438 | 35,008 | - | 35,009 | (Note 1) |
| | Fubon Chi-Hsiang Money Market Fund | — | 〃 | 1,243,588 | 20,026 | - | 20,026 | (Note 1) |
| CGPC（BVI）Holding Co., Ltd. | Ordinary shares | | | | | | | |
| | 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) |

Note1. The marketable securities were not pledged as guarantees or collateral for borrowings and are not subject to restrictions.

Note2. The preferred shares are not used in the calculation of the shareholding ratio.

Note3. As of December 31, 2023, the Company evaluates the fair value of the equity instrument was $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, 2023**

Table 14 | Unit: NT$ thousands

| Buyer/Seller | Type and Name of Marketable Securities | 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 | Mutual Funds | | | | | | | | | | | | | |
| | Hua Nan Phoenix Money Market Fund | Financial assets at FVTPL - current | — | — | - | $ - | 18,861,293 | $ 313,000 | 17,067,528 | $ 283,246 | $ 283,000 | $ 246 | 1,793,765 | $ 30,000 |
| Taiwan VCM Corporation | Mutual Funds | | | | | | | | | | | | | |
| | SinoPac TWD Money Market Fund | Financial assets at FVTPL - current | — | — | - | - | 28,431,994 | 404,000 | 17,639,711 | 251,432 | 250,000 | 1,432 | 10,792,282 | 154,000 |
| | Hua Nan Phoenix Money Market Fund | 〃 | — | — | 2,119,619 | 35,000 | 22,881,593 | 380,000 | 19,006,799 | 315,541 | 315,000 | 541 | 5,994,413 | 100,000 |
| | Fubon Chi-Hsiang Money Market Fund | 〃 | — | — | - | - | 31,264,720 | 500,000 | 29,401,065 | 470,561 | 470,000 | 561 | 1,863,655 | 30,000 |
| CGPC Polymer Corporation | Mutual Funds | | | | | | | | | | | | | |
| | SinoPac TWD Money Market Fund | Financial assets at FVTPL - current | — | — | - | - | 29,715,575 | 423,000 | 22,708,494 | 323,258 | 323,000 | 258 | 7,007,081 | 100,000 |

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, 2023**

Table 15

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 | CGPC America Corporation | Subsidiary | Sales | ( $ 455,735 ) | ( 6% ) | 90 days | No major difference | No major difference | $ 158,345 | 21% | — |
| Taiwan VCM Corporation | China General Plastics Corporation | Parent company | Sales | ( 4,052,178 ) | ( 46% ) | 45 days | 〃 | 〃 | 646,641 | 37% | — |
| | CGPC Polymer Corporation | Fellow subsidiary | Sales | ( 4,048,292 ) | ( 46% ) | 75 days | 〃 | 〃 | 1,015,436 | 58% | — |
| | Fujian Gulei Petrochemical Co., Ltd. | Related party in substance | Purchase | 769,160 | 12% | 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, 2023**

Table 16

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 $158,345 | 3.01 | $ - | — | $ 74,657 | Note 1. |
| Taiwan VCM Corporation | China General Plastics Corporation | Parent company | Trade receivables - related parties 646,641 | 5.64 | - | — | 646,641 | Note 1. |
| | CGPC Polymer Corporation | Fellow subsidiary | Trade receivables - related parties 1,015,436 | 4.63 | - | — | 729,940 | Note 1. |

Note1. There is no allowance for impairment loss after an impairment assessment.

Note2. The subsequent period is between January 1 and February 23, 2024.

# China General Plastics Corporation

**Information on Investees**

**For the Year Ended December 31, 2023**

Table 17

Unit: NT$ thousands

| Investor Company | Investee Company | Location | Business Content | Original Investment Amount | | As of December 31, 2023 | | | Net Income (Loss) of Investee | Share of Profit (Loss) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2023 | January 1, 2023 | 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% | $ 4,430,430 | $ 460,982 | $ 354,966 | Subsidiary |
| | CGPC Polymer Corporation | 12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.) | Manufacturing and marketing of PVC resins | 800,000 | 800,000 | 70,170,682 | 100% | 626,961 | ( 74,746 ) | ( 74,746 ) | Subsidiary |
| | CGPC（BVI）Holding Co., Ltd. | Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands | Reinvestment | 1,059,344 | 1,073,906 | 14,808,258 | 100% | 313,820 | ( 2,467 ) | ( 2,467 ) | 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 | 25,053,469 | 33.33% | 329,972 | ( 26,036 ) | ( 8,679 ) | Associate accounted for using the equity method |
| | CGPC America Corporation | 4 Latitude Way, Suite 108 Corona, CA 92881,U.S.A | Marketing of PVC film and leather products | 648,931 | 648,931 | 100 | 100% | 168,219 | ( 32,191 ) | ( 32,191 ) | 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 | 41,805 (Note) | 33,995 | 3,566,526 | 1.67% | 29,629 | ( 171,224 ) | ( 2,867 ) | 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 | 50,000 | 5,200,000 | 100% | 53,544 | 1,280 | - | Subsidiary |

Note: The Company did not subscribe for the cash capital increase of ACME in proportion to its shareholding, resulting in a decrease in the shareholding ratio from 1.74% to 1.67%.

# China General Plastics Corporation

**Information on Investments in Mainland China**

**For the Year Ended December 31, 2023**

Table 18

Unit: NT$ thousands, 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, 2023 (Note 1) | Current Investment Flows | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 | Net Income (Loss) of Investee | Ownership Percentage of Direct or Indirect Investment | Current Investment Gain(loss) (Note 5) | Carrying Amount as of December 31, 2023 (Note 1) | Accumulated Repatriation of Investment Income as of December 31, 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | |
| Continental General Plastics (Zhong Shan) Co., Ltd. ("CGPC (ZS)") | Manufacturing and marketing of PVC film and consumer products | $ 614,100 (US$ 20,000 thousand) | Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)") | $ 614,100 (US$ 20,000 thousand) | $ - | $ - | $ 614,100 (US$ 20,000 thousand) | ($ 5,754) (US$ -174 thousand) | 100% | ($ 5,754) (US$ -174 thousand) | $ 230,558 (US$ 7,509 thousand) | $ - |
| CGPC Consumer Products Corporation ("CGPC (CP)") (Note 4) | Manufacturing and marketing of PVC consumer products | - (US$ - thousand) | Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)") | 46,058 (US$ 1,500 thousand) | - | 14,562 ( US$ 467 thousand) | 31,496 (US$ 1,033 thousand) | 8 (US$ - thousand) | 100% | 8 (US$ - thousand) | - (US$ - thousand) | - |

| Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023 (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) |
|---|---|---|
| $ 817,214 (US$ 26,615 thousand) | $ 918,080 (US$ 29,900 thousand) | $ - |

Note1. The calculation was based on the spot exchange rate of December 31, 2023.

Note2. As the Company has obtained the certificate of qualification for operating headquarters issued by the Industrial Development Bureau, MOEA No. 11251035580 on September 6, 2023, the upper limit on investment is not applicable.

Note3. 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.

Note4. CGPC Consumer Products Corporation completed dissolution procedures on July 17, 2023, and CGPC (BVI) retrieved the residual assets, which were remitted back to Taiwan.

Note5. The investment income (loss) recognized in 2023 is based on the financial statements audited by the parent company’s CPA.

# China General Plastics Corporation

**Information of Major Shareholders**

**December 31, 2023**

Table9

| 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 | 8.07% |

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 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.

# §THE CONTENTS OF SCHEDULES OF MAJOR ACCOUNTING ITEMS§

# China General Plastics Corporation

**Schedule of cash and cash equivalents**

**December 31, 2023**

Schedule 1

Unit: NT$ thousands, Unless Stated Otherwise

| Item | Description | Amount |
|---|---|---|
| Cash on hand and petty cash | | $ 53 |
| Bank deposits | | |
| Demand Deposit | | 23,967 |
| Checking accounts | | 23,580 |
| Foreign currency deposits | USD 1,383,807, exchange rate 30.705<br>EUR 181,652, exchange rate 33.980<br>AUD 35,182, exchange rate 20.980<br>GBP 24,014, exchange rate 39.150<br>JPY 1,184,648, exchange rate 0.2172<br>HKD 31,364, exchange rate 3.929 | 50,721 |
| | | 98,268 |
| Total | | $ 98,321 |

# China General Plastics Corporation

**Schedule of notes receivable and trade receivables**

**December 31, 2023**

Schedule 2

Unit: NT$ thousands

| Item | Amount |
|---|---|
| Notes receivable | |
| Avatack Co., Ltd. | $ 19,708 |
| San Yanier Chemical Co., Ltd. | 14,125 |
| Globe Industries Corporation | 13,605 |
| Others (Note) | 40,343 |
| | 87,781 |
| | |
| Trade receivables | |
| Tricon Energy Ltd. | 67,201 |
| Zheng Yi Plastics Co., Ltd. | 61,553 |
| Others (Note) | 381,682 |
| | 510,436 |
| Less: Allowance for impairment loss | ( 10,652 ) |
| | 499,784 |
| | |
| Trade receivables - related parties | |
| CGPC America Corporation | 158,345 |
| | |
| Total | $ 745,910 |

Note: The amount of each client included in others does not exceed 5% of the account balance.

# China General Plastics Corporation

**Schedule of inventories**

**December 31, 2023**

Schedule 3 Unit: NT$ thousands

| Item | Amount: Cost | Amount: Market value (Note 1) |
|---|---|---|
| Finished goods | $ 820,658 | $ 785,103 |
| Work in progress | 62,189 | 58,794 |
| Raw materials | 237,037 | 212,011 |
| | 1,119,884 | $ 1,055,908 |
| Less: Allowance for write-downs of inventories and obsolescence losses | ( 115,114 ) | |
| Total | $ 1,004,770 | |

Note1. Evaluated at replacement cost or net realizable value.

Note2. The amount of insured inventories is $1,836,064 thousand.

# China General Plastics Corporation

**Schedule of changes in investments accounted for using the equity method**

**For the Year Ended December 31, 2023**

Schedule 4

Unit: NT$ thousands

| Investee Company | Balance at January 1 | | Additions (decrease) | | Gain (loss) on investments accounted for under equity method | Exchange differences on translating the financial statements of foreign operations | Others (Note 2) | Balance at December 31 | | Percentage of shareholding at the end of the year | Market Value / Net Value | Endorsement / Guarantee Collateral |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | | Shares | Amount | | | |
| Listed company | | | | | | | | | | | | |
| Acme Electronics Corporation | 3,176,019 | $ 23,911 | 390,507 | $ 7,810 | ( $ 2,867 ) | ( $ 553 ) | $ 1,328 | 3,566,526 | $ 29,629 | 1.67 | $ 89,520 | None |
| Unlisted companies | | | | | | | | | | | | |
| Taiwan VCM Corporation | 259,591,005 | 4,076,858 | - | - | 354,966 | - | ( 1,394 ) | 259,591,005 | 4,430,430 | 87.27 | 4,477,783 | None |
| CGPC Polymer Corporation | 100,000,000 | 701,707 | ( 29,829,318 ) | - | ( 74,746 ) | - | - | 70,170,682 | 626,961 | 100 | 626,961 | Note 1. |
| CGPC（BVI）Holding Co., Ltd. | 16,308,258 | 333,626 | ( 1,500,000 ) | ( 14,562 ) | ( 2,467 ) | ( 2,777 ) | - | 14,808,258 | 313,820 | 100 | 313,820 | None |
| China General Terminal & Distribution Corporation | 23,892,872 | 355,611 | 1,160,597 | - | ( 8,679 ) | - | ( 16,960 ) | 25,053,469 | 329,972 | 33.33 | 329,972 | None |
| CGPC America Corporation | 100 | 186,395 | - | - | ( 32,191 ) | 618 | 13,397 | 100 | 168,219 | 100 | 215,721 | None |
| Total | | $ 5,678,108 | | ( $ 6,752 ) | $ 234,016 | ( $ 2,712 ) | ( $ 3,629 ) | | $ 5,899,031 | | | |

Note1. Please refer to Table 1 in the parent company only financial statements.

Note2. The details of amounts are as follows:

| | |
|---|---|
| Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method - unrealized net losses on investments in equity instruments at FVTOCI | ( $ 17,548 ) |
| Capital surplus accounted for using the equity method | 1,363 |
| Realized profit from sales | 13,397 |
| Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method - remeasurement of defined benefit plans | ( 841 ) |
| | ( $ 3,629 ) |

# China General Plastics Corporation

**Schedule of notes payable and trade payables**

**December 31, 2023**

Schedule 5

Unit: NT$ thousands

| Item | Amount |
|---|---|
| Notes payable | |
| Miaoli County Government | $ 42,018 |
| | |
| Trade payables | |
| Nan Ya Plastics Corporation | 22,734 |
| Power Chemical Corporation | 14,289 |
| Marubeni ASEAN Pte. Ltd. | 7,780 |
| Others (Note) | 106,090 |
| | 150,893 |
| | |
| Trade payables to related parties | |
| Taiwan VCM Corporation | 646,641 |
| Others (Note) | 10,392 |
| | 657,033 |
| | |
| Total | $ 849,944 |

Note: The amount of each client included in others does not exceed 5% of the account balance.

# China General Plastics Corporation

**Schedule of net revenue**

**For the Year Ended December 31, 2023**

Schedule 6

Unit: NT$ thousands, Unless Stated Otherwise

| Item | Unit (PVC leather in thousands of yards and the rest in metric tons) | Amount |
|---|---|---|
| Sales revenue | | |
| PVC resin and compound | 159,015 | $ 4,129,643 |
| PVC film | 20,185 | 1,265,780 |
| Chlor-alkali products | 54,523 | 849,483 |
| Construction products | 19,056 | 836,596 |
| PVC leather | 5,112 | 686,865 |
| Total | | $ 7,768,367 |

# China General Plastics Corporation

**Schedule of cost of revenue**

**For the Year Ended December 31, 2023**

Schedule 7

Unit: NT$ thousands

| Item | Amount |
|---|---|
| Raw materials | |
| Raw materials at January 1 | $ 354,527 |
| Raw materials purchased | 5,353,982 |
| Raw materials transferred to other accounts | ( 282,345 ) |
| Raw materials at December 31 | ( 237,037 ) |
| Raw materials used in current year | 5,189,127 |
| Direct labor | 286,470 |
| Production overheads (Schedule 8) | 1,731,768 |
| Manufacturing cost | 7,207,365 |
| Work in progress at January 1 | 66,906 |
| Other accounts transferred to work in progress | ( 6,316 ) |
| Work in progress at December 31 | ( 62,189 ) |
| Cost of finished goods | 7,205,766 |
| Finished goods at January 1 | 810,061 |
| Other accounts transferred to finished goods | 5,236 |
| Finished goods purchased in the current year | 22,089 |
| Finished goods transferred to other accounts | ( 28,453 ) |
| Finished goods at December 31 | ( 820,658 ) |
| Costs of revenue before adjustment | 7,194,041 |
| Write downs of inventories and obsolescence losses | 1,652 |
| Other reduced cost of revenue | ( 4,969 ) |
| Cost of revenue | $ 7,190,724 |

# China General Plastics Corporation

**Schedule of production overheads**

**For the Year Ended December 31, 2023**

Schedule 8 | Unit: NT$ thousands

| Item | Amount |
|---|---|
| Utilities expenses | $ 465,387 |
| Payroll and other personnel expense | 345,777 |
| Depreciation expense | 238,538 |
| Repair and maintenance expense | 223,791 |
| Packing materials | 141,082 |
| Fuel expense | 120,913 |
| Others (Note) | 196,280 |
| Total | $ 1,731,768 |

Note: The amount of each client included in others does not exceed 5% of the account balance.

# China General Plastics Corporation

**Schedule of operating expenses**

**For the Year Ended December 31, 2023**

Schedule 9

Unit: NT$ thousands

| Item | Selling and Marketing expenses | General and administrative expenses | Research and development expenses |
|---|---|---|---|
| Freight | $ 225,129 | $ 1 | $ 18 |
| Payroll and other personnel expense (Note 1) | 64,098 | 32,338 | 23,195 |
| Management service expenses | - | 80,052 | - |
| Repair expense | 7 | 1,160 | 2,005 |
| Research and experiment material expense | - | - | 1,852 |
| Rental expense | 1,364 | 6,934 | 17 |
| Depreciation expense | 102 | 960 | 1,984 |
| Others (Note 2) | 41,813 | 12,000 | 1,378 |
| Total | $ 332,513 | $ 133,445 | $ 30,449 |

Note1. The amount of payroll and personnel expense includes salary, pension, insurance and other personnel expenses.

Note2. The amount of each client included in others does not exceed 5% of the account balance.

# China General Plastics Corporation

**Schedule of employee benefits, depreciation and amortization by function**

**Years Ended December 31, 2023 and 2022**

Schedule 10

Unit: NT$ thousands, Unless Stated Otherwise

| | For the year ended December 31, 2023 | | | | For the year ended December 31, 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Cost of revenue | Operating expenses | Other gains and losses | Total | Cost of revenue | Operating expenses | Other gains and losses | Total |
| Employee benefits expense | | | | | | | | |
| Salary and bonus | $ 533,439 | $ 94,891 | $ - | $ 628,330 | $ 523,280 | $ 100,703 | $ - | $ 623,983 |
| Labor and health insurance | 48,790 | 7,895 | - | 56,685 | 51,558 | 8,805 | - | 60,363 |
| Pension | 24,019 | 4,712 | - | 28,731 | 23,666 | 4,888 | - | 28,554 |
| Remuneration of Directors | - | 6,600 | - | 6,600 | - | 6,538 | - | 6,538 |
| Other employee benefits | 25,999 | 5,533 | - | 31,532 | 28,976 | 6,425 | - | 35,401 |
| Total | $ 632,247 | $ 119,631 | $ - | $ 751,878 | $ 627,480 | $ 127,359 | $ - | $ 754,839 |
| Depreciation expenses | $ 238,538 | $ 3,046 | $ 15,803 | $ 257,387 | $ 221,126 | $ 1,703 | $ 15,621 | $ 238,450 |
| Amortization expense | $ 866 | $ 64 | $ - | $ 930 | $ - | $ 59 | $ - | $ 59 |

Note 1. As of December 31, 2023 and 2022, the Company had 664 and 687 employees, respectively, and the number of directors who did not served concurrently as employees were both 8.

Note 2. The average amount of employee benefits expense of the Company in 2023 was $1,136 thousand; the average amount of employee benefits expense of the Company in 2022 was $1,102 thousand.

Note 3. The average amount of salary expense of the Company in 2023 was $958 thousand; the average amount of salary expense of the Company in 2022 was $919 thousand.

Note 4. The average of salary expense adjustment of the Company increased at 4.24% in 2023.

Note 5. The Company's Remuneration Policy for Directors and Managers: a. Remuneration payment shall refer to that of median across peer industry, along with consideration of reasonableness related with personal performance, operating achievements of company and future risks. b. Directors and managers should not be guided to behave beyond the risk of company for higher remuneration. c. The proportion of employee remuneration on short-term performance basis and the payment time of partial change on remuneration shall be determined by considering characteristic of industry and business nature; Employee remuneration & salary policy was formulated by referring to the government laws and regulations, salary price and trend on market across peer industry, overall economy and change of business conditions , as well as organization chart of company, wherein the Company's formulated "Measures on Salary Management", "Measures of Employee Performance Assessment", "Measures of Allowance for Supervisor and Personal Staff" and other regulations as the criteria of issuance and the Company also has formulated "Management Measures of Year-end Bonus" which appropriates year-end bonus to employee depending on profit and reviewing result of employee performance (included employee remuneration).

**China General Plastics Corporation**

**Chairman Wu, Yi-Gui**