

Notice to Readers:

The Interim consolidated financial statement (Chinese version) of our company is reviewed 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 Financial Statements and Independent Auditors' Review Report For the Six Months Ended June 30, 2021 and 2020

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Independent Auditors' Review Report

The Board of Directors and Shareholders
China General Plastics Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of China General Plastics Corporation and its subsidiaries (the Group) as of June 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months then ended and for the six months then ended, the consolidated statements of changes in equity and cash flows for the six months then ended and the related notes, including a summary of the significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity.” A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Notes 13 and 14 to the consolidated financial statements, the financial statements of some non-significant subsidiaries and investments accounted for using the equity method included in the consolidated financial statements were not reviewed. As of June 30, 2021 and 2020, the combined total assets of these non-significant subsidiaries and investments accounted for using the equity method were NT\$1,153,088 thousand and NT\$944,302 thousand, respectively, representing 7% and 8%, respectively, of the consolidated total assets, and the combined total

liabilities of these non-significant subsidiaries as of June 30, 2021 and 2020 were NT\$31,430 thousand and NT\$32,100 thousand, respectively, representing both 1% of the consolidated total liabilities; for the three months ended June 30, 2021 and 2020, and the six months ended June 30, 2021 and 2020, the amounts of combined comprehensive income of these non-significant subsidiaries were NT\$(1,564) thousand, NT\$(5,883) thousand, NT\$11,500 thousand, and NT\$228 thousand, respectively, representing (0.3%), 13%, 1%, and 0.1%, respectively, of the consolidated total comprehensive income, and the Group's share of profit of these investments accounted for using the equity method for the three months ended June 30, 2021 and 2020, and the six months ended June 30, 2021 and 2020, were NT\$24,497 thousand, NT\$24,885 thousand, NT\$45,227 thousand, and NT\$19,085 thousand, respectively, representing 4%, (54%), 3%, and 6%, respectively, of the consolidated total comprehensive income. The additional disclosures of these non-significant subsidiaries and investments accounted for using the equity method were based on financial statements which were not reviewed by auditors.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to the attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2021 and 2020, its consolidated financial performance for the three months then ended, and its consolidated financial performance and its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Matters to Be Emphasized

As stated in Note 12 to the consolidated financial statements, China General Plastics Corporation and Subsidiaries has considered that its discontinued operations was resumed its operating substance. Such discontinued operations have been reclassified to continuing operations since 2021; therefore, when preparing comparative financial statements, it is required to restate the previously stated amounts as well as the financial statements for the comparative periods in accordance with International Financial Reporting Standards No. 5 "Non-current assets held for

sale and discontinued operations.” The effects of restating the previously stated amounts of the comparative periods are set out in Note 12. As such, we did not modify our review conclusion.

Deloitte & Touche,
Taipei, Taiwan, Republic of China
CPA Huang, Hsiu-Chun

CPA Chiu, Cheng-Chun

Securities and Futures Commission
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August 4, 2021

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China General Plastics Corporation and Subsidiaries

Consolidated Balance Sheets

June 30, 2021 and 2020, And December 31, 2020

Unit: NT\$ thousands

| CODE | ASSETS | June 30, 2021 (Reviewed) | | December 31, 2020 (Restated and Audited) | | June 30, 2020 (Restated and Reviewed) | |
|------|--|-----------------------------|------------|---|------------|--|------------|
| | | Amount | % | Amount | % | Amount | % |
| | Current assets | | | | | | |
| 1100 | Cash and cash equivalents (Note 6) | \$ 1,016,852 | 6 | \$ 777,101 | 6 | \$ 600,215 | 5 |
| 1110 | Financial assets at fair value through profit or loss (FVTPL) - current (Note 7) | 1,317,224 | 8 | 1,524,661 | 11 | 1,373,406 | 11 |
| 1136 | Financial assets at amortized cost - current (Notes 9 and 30) | 269,246 | 2 | 269,224 | 2 | 269,152 | 2 |
| 1150 | Notes receivables (Note 10) | 189,581 | 1 | 200,777 | 1 | 134,472 | 1 |
| 1170 | Trade receivables (Notes 10 and 29) | 2,074,146 | 13 | 1,703,390 | 12 | 965,015 | 8 |
| 1200 | Other receivables (Note 10) | 100,969 | 1 | 126,010 | 1 | 128,405 | 1 |
| 1210 | Other receivables from related parties (Notes 10 and 29) | 1,789 | - | 2,811 | - | 90,130 | 1 |
| 1220 | Current tax assets (Note 4) | 16,479 | - | 16,481 | - | 10,623 | - |
| 1310 | Inventories (Note 11) | 2,022,665 | 13 | 1,207,129 | 9 | 1,235,191 | 10 |
| 1410 | Prepayments | 312,636 | 2 | 45,425 | - | 37,230 | - |
| 1470 | Other current assets | <u>1,639</u> | <u>-</u> | <u>1,576</u> | <u>-</u> | <u>973</u> | <u>-</u> |
| 11XX | Total current assets | <u>7,323,226</u> | <u>46</u> | <u>5,874,585</u> | <u>42</u> | <u>4,844,812</u> | <u>39</u> |
| | Non-current assets | | | | | | |
| 1517 | Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 8) | 146,249 | 1 | 140,477 | 1 | 140,602 | 1 |
| 1550 | Investments accounted for using the equity method (Notes 14) | 383,377 | 3 | 338,228 | 3 | 298,420 | 2 |
| 1600 | Property, plant and equipment (Notes 15, 18, 29, and 30) | 7,086,031 | 45 | 6,570,237 | 47 | 6,258,550 | 50 |
| 1755 | Right-of-use assets (Note 16) | 161,435 | 1 | 178,823 | 1 | 196,191 | 2 |
| 1760 | Investment properties (Notes 17) | 518,097 | 3 | 534,465 | 4 | 455,571 | 4 |
| 1840 | Deferred tax assets (Note 4) | 212,866 | 1 | 216,299 | 2 | 226,929 | 2 |
| 1990 | Other non-current assets (Note 30) | <u>48,153</u> | <u>-</u> | <u>40,511</u> | <u>-</u> | <u>61,907</u> | <u>-</u> |
| 15XX | Total non-current assets | <u>8,556,208</u> | <u>54</u> | <u>8,019,040</u> | <u>58</u> | <u>7,638,170</u> | <u>61</u> |
| 1XXX | Total Assets | <u>\$ 15,879,434</u> | <u>100</u> | <u>\$ 13,893,625</u> | <u>100</u> | <u>\$ 12,482,982</u> | <u>100</u> |
| | Liabilities and equity | | | | | | |
| | Current Liabilities | | | | | | |
| 2100 | Short-term borrowings (Note 18) | \$ 280,000 | 2 | \$ - | - | \$ 266,000 | 2 |
| 2120 | Financial liabilities at fair value through profit or loss at FVTPL- current (Note 7) | 4,662 | - | 4,556 | - | 2,043 | - |
| 2170 | Trade payables (Note 19) | 1,034,148 | 7 | 786,736 | 5 | 515,796 | 4 |
| 2180 | Trade payables to related parties (Notes 19 and 29) | 19,564 | - | 107,035 | 1 | 30,031 | - |
| 2200 | Other payables (Note 20) | 1,594,263 | 10 | 802,869 | 6 | 749,186 | 6 |
| 2220 | Other payables to related parties (Note 29) | 363,867 | 2 | 13,471 | - | 102,432 | 1 |
| 2230 | Current tax liabilities (Note 4) | 373,331 | 2 | 374,688 | 3 | 67,086 | 1 |
| 2280 | Lease liability - current (Notes 16 and 29) | 36,011 | - | 36,029 | - | 36,107 | - |
| 2300 | Other current liabilities (Note 23) | <u>112,442</u> | <u>1</u> | <u>95,219</u> | <u>1</u> | <u>95,333</u> | <u>1</u> |
| 21XX | Total current liabilities | <u>3,818,288</u> | <u>24</u> | <u>2,220,603</u> | <u>16</u> | <u>1,864,014</u> | <u>15</u> |
| | Non-current liabilities | | | | | | |
| 2540 | Long-term borrowings (Notes 15, 18, and 30) | 50,000 | - | 50,000 | 1 | 500,000 | 4 |
| 2570 | Deferred tax liabilities (Note 4) | 595,113 | 4 | 594,562 | 4 | 594,362 | 5 |
| 2580 | Lease liabilities - non-current (Notes 16 and 29) | 129,842 | 1 | 147,189 | 1 | 164,287 | 1 |
| 2640 | Net defined benefit liabilities - non-current (Notes 4 and 21) | 542,456 | 3 | 572,981 | 4 | 612,053 | 5 |
| 2670 | Other non-current liabilities | <u>5,363</u> | <u>-</u> | <u>4,532</u> | <u>-</u> | <u>19,372</u> | <u>-</u> |
| 25XX | Total non-current liabilities | <u>1,322,774</u> | <u>8</u> | <u>1,369,264</u> | <u>10</u> | <u>1,890,074</u> | <u>15</u> |
| 2XXX | Total Liabilities | <u>5,141,062</u> | <u>32</u> | <u>3,589,867</u> | <u>26</u> | <u>3,754,088</u> | <u>30</u> |
| | Equity attributable to owners of the Company (Notes 4, 8, 13, 14, 22, and 25) | | | | | | |
| | Share capital | | | | | | |
| 3110 | Ordinary shares | 5,533,814 | 35 | 5,533,814 | 40 | 5,270,299 | 42 |
| 3150 | Stock dividends to be distributed | <u>276,691</u> | <u>2</u> | <u>-</u> | <u>-</u> | <u>263,515</u> | <u>2</u> |
| 3100 | Total share capital | <u>5,810,505</u> | <u>37</u> | <u>5,533,814</u> | <u>40</u> | <u>5,533,814</u> | <u>44</u> |
| 3200 | Capital surplus | <u>10,577</u> | <u>-</u> | <u>10,338</u> | <u>-</u> | <u>10,050</u> | <u>-</u> |
| | Retained earnings | | | | | | |
| 3310 | Legal reserve | 870,332 | 5 | 704,963 | 5 | 704,963 | 6 |
| 3320 | Special reserve | 408,223 | 3 | 408,223 | 3 | 408,223 | 3 |
| 3350 | Unappropriated earnings | <u>2,885,901</u> | <u>18</u> | <u>2,950,662</u> | <u>21</u> | <u>1,552,822</u> | <u>12</u> |
| 3300 | Total retained earnings | <u>4,164,456</u> | <u>26</u> | <u>4,063,848</u> | <u>29</u> | <u>2,666,008</u> | <u>21</u> |
| 3400 | Other equity | <u>136,219</u> | <u>1</u> | <u>95,515</u> | <u>1</u> | <u>48,998</u> | <u>1</u> |
| 31XX | Total equity attributable to owners of the Company | <u>10,121,757</u> | <u>64</u> | <u>9,703,515</u> | <u>70</u> | <u>8,258,870</u> | <u>66</u> |
| 36XX | Non-controlling Interests | <u>616,615</u> | <u>4</u> | <u>600,243</u> | <u>4</u> | <u>470,024</u> | <u>4</u> |
| 3XXX | Total equity | <u>10,738,372</u> | <u>68</u> | <u>10,303,758</u> | <u>74</u> | <u>8,728,894</u> | <u>70</u> |
| | Total Liabilities and Equity | <u>\$ 15,879,434</u> | <u>100</u> | <u>\$ 13,893,625</u> | <u>100</u> | <u>\$ 12,482,982</u> | <u>100</u> |

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

(Please refer to Deloitte & Touche auditors' review report dated August 4, 2021)

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China General Plastics Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Three Months Ended June 30, 2021 and 2020 And For the Six Months Ended June 30, 2021 and 2020

(Reviewed, Not Audited)

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

| CODE | | For the Three Months Ended June 30, 2021 | | For the Three Months Ended June 30, 2020 (Restated and Reviewed) | | For the Six Months Ended June 30, 2021 | | For the Six Months Ended June 30, 2020 (Restated and Reviewed) | |
|------|--|--|------|---|------|--|------|---|-----|
| | | Amount | % | Amount | % | Amount | % | Amount | % |
| 4100 | Net revenue (Notes 23 and 29) | \$ 4,575,908 | 100 | \$ 2,287,056 | 100 | \$ 9,554,573 | 100 | \$ 5,878,270 | 100 |
| 5110 | Cost of revenue (Notes 11, 24, and 29) | 3,389,842 | 74 | 2,173,421 | 95 | 6,771,516 | 71 | 5,044,404 | 86 |
| 5900 | Gross profit | 1,186,066 | 26 | 113,635 | 5 | 2,783,057 | 29 | 833,866 | 14 |
| | Operating expenses (Notes 12,24,and 29) | | | | | | | | |
| 6100 | Selling and marketing expenses | 261,530 | 6 | 139,142 | 6 | 657,353 | 7 | 348,812 | 6 |
| 6200 | General and administrative expenses | 72,416 | 2 | 64,302 | 3 | 152,039 | 2 | 136,873 | 2 |
| 6300 | Research and development expenses | 19,747 | - | 13,573 | - | 37,583 | - | 30,710 | 1 |
| 6000 | Total operating expenses | 353,693 | 8 | 217,017 | 9 | 846,975 | 9 | 516,395 | 9 |
| 6900 | Profit (loss) from operations | 832,373 | 18 | (103,382) | (4) | 1,936,082 | 20 | 317,471 | 5 |
| | Non-operating income and expenses (Notes 7, 12, 13, 14, 24, and 29) | | | | | | | | |
| 7100 | Interest income | 1,271 | - | 1,907 | - | 1,573 | - | 3,076 | - |
| 7010 | Other income | 18,204 | - | 13,791 | 1 | 31,831 | - | 26,367 | 1 |
| 7020 | Other gain and loss | (107,701) | (2) | (18,005) | (1) | (119,881) | (1) | (9,158) | - |
| 7510 | Interest expense | (647) | - | (2,239) | - | (1,324) | - | (4,657) | - |
| 7060 | Share of profit of associates accounted for using the equity method | 7,590 | - | 10,233 | - | 9,275 | - | 15,382 | - |
| 7000 | Total non-operating income and expenses | (81,283) | (2) | 5,687 | - | (78,526) | (1) | 31,010 | 1 |
| 7900 | Profit (loss) before income tax | 751,090 | 16 | (97,695) | (4) | 1,857,556 | 19 | 348,481 | 6 |
| 7950 | Income tax expense (benefit) (Notes 4 and 25) | 157,806 | 3 | (32,996) | (1) | 377,496 | 4 | 64,476 | 1 |
| 8200 | Net profit (loss) for the period | 593,284 | 13 | (64,699) | (3) | 1,480,060 | 15 | 284,005 | 5 |
| | Other comprehensive income (loss) (Notes 8, 14, 22 and 25) | | | | | | | | |
| | Items that will not be reclassified subsequently to profit or loss: | | | | | | | | |
| 8316 | Unrealized gain (loss) on investments in equity instruments at FVTOCI | (2,602) | - | 12,823 | - | 13,601 | - | 20,799 | - |
| 8326 | Share of the other comprehensive income of associates accounted for using the equity method - unrealized gain on investments in equity instruments at FVTOCI | 17,110 | - | 15,260 | 1 | 36,294 | - | 4,226 | - |
| 8310 | | 14,508 | - | 28,083 | 1 | 49,895 | - | 25,025 | - |
| | Items that may be reclassified subsequently to profit or loss: | | | | | | | | |
| 8361 | Exchange differences on translating the financial statements of foreign operations | (9,947) | - | (11,470) | - | (10,689) | - | (10,880) | - |
| 8371 | Share of the other comprehensive loss of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations | (180) | - | (352) | - | (420) | - | (682) | - |
| 8399 | Income tax relating to items that may be reclassified subsequently to profit or loss | 1,990 | - | 2,430 | - | 2,138 | - | 2,312 | - |
| 8360 | | (8,137) | - | (9,392) | - | (8,971) | - | (9,250) | - |
| 8300 | Other comprehensive income for the period, net of income tax | 6,371 | - | 18,691 | 1 | 40,924 | - | 15,775 | - |
| 8500 | Total comprehensive income (loss) for the period | \$ 599,655 | 13 | (\$ 46,008) | (2) | \$ 1,520,984 | 15 | \$ 299,780 | 5 |

(Continued)

| CODE | | For the Three Months Ended June 30, 2021 | | For the Three Months Ended June 30, 2020 (Restated and Reviewed) | | For the Six Months Ended June 30, 2021 | | For the Six Months Ended June 30, 2020 (Restated and Reviewed) | |
|------|--|---|-----------|---|-------------|---|-----------|---|----------|
| | | Amount | % | Amount | % | Amount | % | Amount | % |
| | Net profit (loss) attributable to: | | | | | | | | |
| 8610 | Owners of the Company | \$ 546,660 | 12 | (\$ 55,226) | (3) | \$ 1,373,385 | 14 | \$ 255,851 | 4 |
| 8620 | Non-controlling Interests | <u>46,624</u> | <u>1</u> | <u>(9,473)</u> | <u>-</u> | <u>106,675</u> | <u>1</u> | <u>28,154</u> | <u>1</u> |
| 8600 | | <u>\$ 593,284</u> | <u>13</u> | <u>(\$ 64,699)</u> | <u>(3)</u> | <u>\$ 1,480,060</u> | <u>15</u> | <u>\$ 284,005</u> | <u>5</u> |
| | Total comprehensive income (loss) attributable to: | | | | | | | | |
| 8710 | Owners of the Company | \$ 552,862 | 12 | (\$ 36,607) | (2) | \$ 1,414,089 | 14 | \$ 271,583 | 5 |
| 8720 | Non-controlling Interests | <u>46,793</u> | <u>1</u> | <u>(9,401)</u> | <u>-</u> | <u>106,895</u> | <u>1</u> | <u>28,197</u> | <u>-</u> |
| 8700 | | <u>\$ 599,655</u> | <u>13</u> | <u>(\$ 46,008)</u> | <u>(2)</u> | <u>\$ 1,520,984</u> | <u>15</u> | <u>\$ 299,780</u> | <u>5</u> |
| | Earnings (losses) per share (Note 26) | | | | | | | | |
| 9710 | Basic | <u>\$ 0.94</u> | | <u>(\$ 0.10)</u> | | <u>\$ 2.36</u> | | <u>\$ 0.44</u> | |
| 9810 | Diluted | <u>\$ 0.94</u> | | <u>(\$ 0.10)</u> | | <u>\$ 2.36</u> | | <u>\$ 0.44</u> | |

(Concluded)

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

(Please refer to Deloitte & Touche auditors' review report dated August 4, 2021)

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China General Plastics Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Six Months Ended June 30, 2021 and 2020

(Reviewed, Not Audited)

Unit: NT\$ thousands

| | | Equity attributable to owners of the Company (Notes 4, 8, 13, 14, 22, and 25) | | | | | | | | | | Other Equity | | | | | |
|------|---|---|-----------------------------------|------------------|---------------|------------------|-------------------|-------------------|-------------------------|---------------------|--|---|------------------|----------------------|---------------------------|----------------------|--|
| | | Share capital | | Capital surplus | | | Retained earnings | | | | Exchange differences on translating the financial statements of foreign operations | Unrealized gain on financial assets at FVTOCI | Total | Total | Non-controlling Interests | Total equity | |
| CODE | | Ordinary shares | Stock dividends to be distributed | Unpaid Dividends | Others | Total | Legal reserve | Special reserve | Unappropriated earnings | Total | | | | | | | |
| A1 | Balance as of January 1, 2020 | \$ 5,270,299 | \$ - | \$ 9,746 | \$ 314 | \$ 10,060 | \$ 640,570 | \$ 408,223 | \$ 1,888,394 | \$ 2,937,187 | (\$ 33,763) | \$ 67,029 | \$33,266 | \$8,250,812 | \$461,754 | \$8,712,566 | |
| | Appropriation and distribution of earnings for 2019 | | | | | | | | | | | | | | | | |
| B1 | Legal reserve | - | - | - | - | - | 64,393 | - | (64,393) | - | - | - | - | - | - | - | |
| B5 | Cash dividends distributed to the Company | - | - | - | - | - | - | - | (263,515) | (263,515) | - | - | - | (263,515) | - | (263,515) | |
| B9 | Share dividends distributed by the Company | - | 263,515 | - | - | - | - | - | (263,515) | (263,515) | - | - | - | - | - | - | |
| O1 | Cash dividends distributed by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | - | (19,927) | (19,927) | |
| C17 | Other changes in capital surplus | - | - | (10) | - | (10) | - | - | - | - | - | - | - | (10) | - | (10) | |
| D1 | Net profit for the six months ended June 30, 2020 | - | - | - | - | - | - | - | 255,851 | 255,851 | - | - | - | 255,851 | 28,154 | 284,005 | |
| D3 | Other comprehensive income (loss) for the six months ended June 30, 2020, net of income tax | - | - | - | - | - | - | - | - | - | (9,250) | 24,982 | 15,732 | 15,732 | 43 | 15,775 | |
| D5 | Total comprehensive income (loss) for the six months ended June 30, 2020 | - | - | - | - | - | - | - | 255,851 | 255,851 | (9,250) | 24,982 | 15,732 | 271,583 | 28,197 | 299,780 | |
| Z1 | Balance as of June 30, 2020 | <u>\$ 5,270,299</u> | <u>\$ 263,515</u> | <u>\$ 9,736</u> | <u>\$ 314</u> | <u>\$ 10,050</u> | <u>\$ 704,963</u> | <u>\$ 408,223</u> | <u>\$ 1,552,822</u> | <u>\$ 2,666,008</u> | <u>(\$ 43,013)</u> | <u>\$ 92,011</u> | <u>\$ 48,998</u> | <u>\$ 8,258,870</u> | <u>\$ 470,024</u> | <u>\$ 8,728,894</u> | |
| A1 | Balance as of January 1, 2021 | \$ 5,533,814 | \$ - | \$ 10,024 | \$ 314 | \$ 10,338 | \$ 704,963 | \$ 408,223 | \$ 2,950,662 | \$ 4,063,848 | (\$ 43,259) | \$ 138,774 | \$ 95,515 | \$ 9,703,515 | \$ 600,243 | \$ 10,303,758 | |
| | Appropriation and distribution of earnings for 2020 | | | | | | | | | | | | | | | | |
| B1 | Legal reserve | - | - | - | - | - | 165,369 | - | (165,369) | - | - | - | - | - | - | - | |
| B5 | Cash dividends distributed to the Company | - | - | - | - | - | - | - | (996,086) | (996,086) | - | - | - | (996,086) | - | (996,086) | |
| B9 | Share dividends distributed by the Company | - | 276,691 | - | - | - | - | - | (276,691) | (276,691) | - | - | - | - | - | - | |
| O1 | Cash dividends distributed by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | - | (87,620) | (87,620) | |
| C17 | Other changes in capital surplus | - | - | (12) | - | (12) | - | - | - | - | - | - | - | (12) | - | (12) | |
| M5 | Acquisition of part of the equity of subsidiaries | - | - | - | 251 | 251 | - | - | - | - | - | - | - | 251 | (2,903) | (2,652) | |
| D1 | Net profit for the six months ended June 30, 2021 | - | - | - | - | - | - | - | 1,373,385 | 1,373,385 | - | - | - | 1,373,385 | 106,675 | 1,480,060 | |
| D3 | Other comprehensive income (loss) for the six months ended June 30, 2021, net of income tax | - | - | - | - | - | - | - | - | - | (8,971) | 49,675 | 40,704 | 40,704 | 220 | 40,924 | |
| D5 | Total comprehensive income (loss) for the six months ended June 30, 2021 | - | - | - | - | - | - | - | 1,373,385 | 1,373,385 | (8,971) | 49,675 | 40,704 | 1,414,089 | 106,895 | 1,520,984 | |
| Z1 | Balance as of June 30, 2021 | <u>\$ 5,533,814</u> | <u>\$ 276,691</u> | <u>\$ 10,012</u> | <u>\$ 565</u> | <u>\$ 10,577</u> | <u>\$ 870,332</u> | <u>\$ 408,223</u> | <u>\$ 2,885,901</u> | <u>\$ 4,164,456</u> | <u>(\$ 52,230)</u> | <u>\$ 188,449</u> | <u>\$136,219</u> | <u>\$ 10,121,757</u> | <u>\$ 616,615</u> | <u>\$ 10,738,372</u> | |

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to Deloitte &Touche auditors' review report dated August 4, 2021)

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China General Plastics Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the Six Months Ended June 30, 2021 and 2020

(Reviewed, Not Audited)

Unit: NT\$ thousands

| CODE | | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 (Restated and Reviewed) |
|--------|--|---|--|
| | Cash flows from operating activities | | |
| A10000 | Income before income tax | \$ 1,857,556 | \$ 348,481 |
| A20010 | Adjustments for: | | |
| A20100 | Depreciation expenses | 338,848 | 322,182 |
| A20200 | Amortization expense | 16,046 | 19,902 |
| A20300 | Bad debt expenses | 210 | - |
| A20400 | Net loss (gain) on fair value change on financial assets carried at FVTPL | 3,609 | (74,023) |
| A20900 | Interest expense | 1,324 | 4,657 |
| A21200 | Interest income | (1,573) | (3,076) |
| A21300 | Dividend income | - | (1,187) |
| A22300 | Share of profit of associates accounted for using the equity method | (9,275) | (15,382) |
| A22500 | Loss on disposal of property, plant and equipment | 71,754 | 525 |
| A22600 | Property, plant and equipment transferred to expense | 3,110 | 6,059 |
| A23800 | Provision for write-downs of inventories and obsolescence losses | 7,650 | 16,903 |
| A30000 | Changes in operating assets and liabilities | | |
| A31115 | Financial assets mandatorily classified as at FVTPL | 206,903 | (521,263) |
| A31130 | Notes receivable | 11,196 | 75,518 |
| A31150 | Trade receivables | (373,997) | 302,405 |
| A31180 | Other receivables | 24,762 | (55,406) |
| A31190 | Other receivables from related parties | 1,022 | (75,815) |
| A31200 | Inventories | (823,786) | 217,151 |
| A31230 | Prepayments | (267,211) | 96,240 |
| A31240 | Other current assets | (63) | 1,845 |
| A32110 | Financial liabilities held for trading | (2,969) | (1,227) |
| A32150 | Trade payables | 277,914 | (164,977) |
| A32160 | Trade payables to related parties | (87,471) | (126,308) |
| A32180 | Other payables | 18,670 | (109,077) |
| A32190 | Other payables to related parties | (4,388) | (6,504) |
| A32230 | Other current liabilities | 17,223 | 21,113 |
| A32240 | Net defined benefit liabilities | (30,525) | (30,162) |
| A33000 | Cash generated from operations | 1,256,539 | 248,574 |
| A33100 | Interest received | 1,840 | 3,571 |

(Continued)

| CODE | | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 (Restated and Reviewed) |
|--------|--|---|--|
| A33300 | Interest paid | (\$ 1,226) | (\$ 4,511) |
| A33500 | Income tax paid | (372,729) | (96,090) |
| AAAA | Net cash generated from operating activities | <u>884,424</u> | <u>151,544</u> |
| | Cash flows from investing activities | | |
| B00030 | Return of capital from financial assets at FVTOCI | 7,829 | - |
| B00040 | Purchase of financial assets at amortized cost | (269,246) | (244,152) |
| B00050 | Proceeds from sale of financial assets at amortized cost | 269,224 | 244,103 |
| B02700 | Payments for property, plant and equipment | (905,915) | (459,682) |
| B02800 | Proceeds from disposal of property, plant and equipment | 18,395 | 1,775 |
| B03700 | Increase in refundable deposits | (36,321) | (20,718) |
| B03800 | Decrease in refundable deposits | 35,971 | 20,595 |
| B05400 | Acquisition of investment properties | (55) | - |
| B06700 | Increase in other non-current assets | (23,345) | (6,872) |
| B07600 | Dividends received | - | 1,187 |
| B09900 | Refund of shares from liquidation on investments accounted for using the equity method | - | 1,274 |
| BBBB | Net cash used in investing activities | (<u>903,463</u>) | (<u>462,490</u>) |
| | Cash flows from financing activities | | |
| C00100 | Proceeds from short-term borrowings | 280,000 | 266,000 |
| C01600 | Proceeds from long-term borrowings | 50,000 | - |
| C01700 | Repayments of long-term borrowings | (50,000) | - |
| C03000 | Proceeds from guarantee deposits received | 1,070 | 15,071 |
| C03100 | Refunds of guarantee deposits received | (284) | (290) |
| C04020 | Repayment of the principal portion of lease liabilities | (17,199) | (17,019) |
| C04300 | Increase in other non-current liabilities | 45 | 7 |
| C04500 | Dividends paid | (139) | (51) |
| C05400 | Acquisition of subsidiaries | (<u>2,652</u>) | - |
| CCCC | Net cash generated from financing activities | <u>260,841</u> | <u>263,718</u> |
| DDDD | Effects of exchange rate changes on the balance of cash held in foreign currencies | (<u>2,051</u>) | (<u>5,904</u>) |
| EEEE | Net increase (decrease) in cash and cash equivalents | 239,751 | (53,132) |
| E00100 | Cash and cash equivalents at the beginning of the period | <u>777,101</u> | <u>653,347</u> |
| E00200 | Cash and cash equivalents at the end of the period | <u>\$ 1,016,852</u> | <u>\$ 600,215</u> |

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

(Concluded)

(Please refer to Deloitte & Touche auditors' review report dated August 4, 2021)

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China General Plastics Corporation and Subsidiaries

Notes to Consolidated Financial Report

For the Six Months Ended June 30, 2021 and 2020

(Reviewed, Not Audited)

(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 were proposed to the Company's board of directors on August 4, 2021.

3. Application of New, Amended, and Revised Standards and Interpretations

(1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

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

(2) IFRSs endorsed by the FSC that are applicable in 2022

| New/Amended/Revised Standards and Interpretations | Effective Date Announced by IASB |
|--|----------------------------------|
| “Annual Improvements to IFRSs 2018-2020 Cycle” | January 1, 2022 (Note 1) |
| Amendment to IFRS 3 "Amendments to References to the Conceptual Framework in IFRS Standards" | January 1, 2022 (Note 2) |
| Amendments to IAS 16 “Property, Plant and Equipment — Proceeds before Intended Use” | January 1, 2022 (Note 3) |
| Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract” | January 1, 2022 (Note 4) |

Note 1 The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2 The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 3 The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4 The amendments are applicable to contracts of which the obligations have not been fulfilled on or after January 1, 2022.

As of the date the consolidated financial statements were issued, the Group is continuously assessing the possible impact that the application of other 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.

(3) IFRSs that have been issued by IASB but not yet endorsed 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 IAS 1 “Classification of Liabilities as Current or Non-Current” | January 1, 2023 |
| Amendments to IAS 1 "Disclosure of Accounting Policies" | January 1, 2023 (Note 2) |
| Amendment to IAS 8 "Definition of Accounting Estimates" | January 1, 2023 (Note 3) |
| Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction" | January 1, 2023 (Note 4) |

- 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 shall be applied prospectively for the annual reporting periods beginning on or after January 1, 2023.
- Note 3 The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning on or after January 1, 2023.
- Note 4 Except for the recognition of deferred income tax on temporary differences between lease and decommissioning obligations on January 1, 2022, the amendments are applicable to transactions that occur after January 1, 2022.

As of the date the consolidated financial statements were issued, the Group is continuously assessing the possible impact that the application of other 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 IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

(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) 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). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. 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.

See Note 13 and Tables 7 and 8 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

(4) Other significant accounting policies

Except for the following, for the accounting policies applied to these interim consolidated financial statements, please refer to the consolidated financial statements for the year ended December 31, 2020.

1) Defined benefit plan

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for

significant market fluctuations since that time and significant plan amendments, settlements, or other significant one-off events.

2) Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

For the critical accounting judgments and key sources of estimation and uncertainty of the consolidated financial statements, please refer to the consolidated financial statements for the year ended December 31, 2020.

6. Cash and Cash Equivalents

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|--|---------------------|----------------------|-------------------|
| Cash on hand and petty cash | \$ 455 | \$ 369 | \$ 487 |
| Checking accounts and demand deposits | 486,500 | 342,063 | 300,761 |
| Cash equivalents | | | |
| Time deposits | <u>529,897</u> | <u>434,669</u> | <u>298,967</u> |
| | <u>\$ 1,016,852</u> | <u>\$ 777,101</u> | <u>\$ 600,215</u> |

The market rate intervals of cash in banks at the end of the reporting period were as follows:

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|---------------|------------------|----------------------|------------------|
| Time deposits | 0.10%-0.20% | 0.10%-0.49% | 0.15%-1.30% |

7. Financial Instruments at FVTPL

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|--|---------------------|----------------------|---------------------|
| <u>Financial assets mandatorily classified as at FVTPL</u> | | | |
| Derivative financial assets (not under hedge accounting) | | | |
| — Foreign exchange forward contracts | \$ 4,522 | \$ 3,443 | \$ 2,485 |
| Non-derivative financial assets | | | |
| — Mutual Funds | 1,167,606 | 1,471,300 | 1,325,565 |
| — Beneficiary securities | 48,051 | 49,918 | 45,356 |
| — Domestic listed equity investments | 97,045 | - | - |
| — Overseas unlisted equity investments | - | - | - |
| | <u>\$ 1,317,224</u> | <u>\$ 1,524,661</u> | <u>\$ 1,373,406</u> |
| <u>Financial liabilities held for trading</u> | | | |
| Derivative financial assets (not under hedge accounting) | | | |
| — Foreign exchange forward contracts | \$ 4,662 | \$ 4,556 | \$ 2,043 |

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

| | Currency | Maturity Date | Contract Amount (in Thousands) |
|--------------------------|----------|-----------------------|-----------------------------------|
| <u>June 30, 2021</u> | | | |
| Buy | NTD/USD | 2021.07.01-2021.09.10 | NTD289,630/USD10,400 |
| Sell | USD/NTD | 2021.07.02-2021.10.22 | USD37,490/NTD1,044,767 |
| <u>December 31, 2020</u> | | | |
| Buy | NTD/USD | 2021.01.04-2021.03.02 | NTD191,350/USD6,750 |
| Sell | USD/NTD | 2021.01.04-2021.03.18 | USD28,490/NTD807,532 |
| <u>June 30, 2020</u> | | | |
| Buy | NTD/USD | 2020.08.04-2020.08.25 | NTD127,375/USD4,280 |
| Sell | USD/NTD | 2020.07.06-2020.10.16 | USD14,510/NTD430,347 |

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 at FVTOCI

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|-------------------------------------|-------------------|----------------------|-------------------|
| Domestic equity investments | | | |
| Listed ordinary shares | | | |
| Asia Polymer Corporation | \$ 4,470 | \$ 2,746 | \$ 2,256 |
| Unlisted ordinary share | | | |
| KHL IB Venture Capital Co., Ltd. | <u>141,779</u> | <u>137,731</u> | <u>138,346</u> |
| | <u>\$ 146,249</u> | <u>\$ 140,477</u> | <u>\$ 140,602</u> |

In order to adjust its capital structure, on January 2021, November 2020, and May 2020, the shareholders' meeting of KHL IB Venture Capital Co., Ltd. resolved to respectively reduce its ordinary shares by 130 shares, 59 shares, and 165 shares per 1,000 shares, representing a refund of NT\$1,300, NT\$590 and NT\$1,650. In 2021 and 2020, the Group received a capital refund of NT\$7,829 thousand and NT\$16,423 thousand, respectively.

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

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|-----------------------------|-------------------|----------------------|-------------------|
| <u>Current</u> | | | |
| Domestic equity investments | | | |
| Pledged time deposits | <u>\$ 269,246</u> | <u>\$ 269,224</u> | <u>\$ 269,152</u> |

As of June 30, 2021, December 31, 2020, and June 30, 2020, the interest rates for pledged time deposits ranged from 0.040%~0.765%, 0.040%~1.015%, and 0.090%~1.015%.

Refer to Note 30 for information related to financial assets at amortized cost pledged as security.

10. Notes Receivable, Trade Receivables and Other Receivables

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|--|---------------------|----------------------|-------------------|
| <u>Notes receivable</u> | | | |
| Notes receivable - operating | \$ 189,581 | \$ 200,777 | \$ 134,472 |
| <u>Trade receivables (including related parties) (Note 29)</u> | | | |
| At amortized cost | | | |
| Gross carrying amount | \$ 2,087,660 | \$ 1,716,848 | \$ 978,579 |
| Less: Allowance for impairment loss | (13,514) | (13,458) | (13,564) |
| | <u>\$ 2,074,146</u> | <u>\$ 1,703,390</u> | <u>\$ 965,015</u> |
| <u>Other receivables</u> | | | |
| Tax refunds receivables | \$ 99,837 | \$ 93,081 | \$ 30,274 |
| Interest receivables | 137 | 404 | 316 |
| Lend raw material receivables | - | 27,067 | 95,262 |
| Others | 1,240 | 5,706 | 2,790 |
| Less: Allowance for impairment loss | (245) | (248) | (237) |
| | <u>\$ 100,969</u> | <u>\$ 126,010</u> | <u>\$ 128,405</u> |
| <u>Other receivables from related parties (Notes 29)</u> | <u>\$ 1,789</u> | <u>\$ 2,811</u> | <u>\$ 90,130</u> |

(1) 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 trade receivables based on the Group's allowance matrix.

June 30, 2021

| | Credit Rating A | Credit Rating B | Credit Rating C | Others | Total |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Gross carrying amount | \$ 155,576 | \$ 922,270 | \$ 217,269 | \$ 982,126 | \$2,277,241 |
| Loss allowance (lifetime ECLs) | - | (7,503) | (5,038) | (973) | (13,514) |
| Amortized cost | <u>\$ 155,576</u> | <u>\$ 914,767</u> | <u>\$ 212,231</u> | <u>\$ 981,153</u> | <u>\$2,263,727</u> |

December 31, 2020

| | Credit Rating A | Credit Rating B | Credit Rating C | Others | Total |
|--------------------------------|------------------|-------------------|-------------------|---------------------|--------------------|
| Gross carrying amount | \$ 70,205 | \$ 560,442 | \$ 165,823 | \$ 1,121,155 | \$1,917,625 |
| Loss allowance (lifetime ECLs) | - | (4,990) | (3,844) | (4,624) | (13,458) |
| Amortized cost | <u>\$ 70,205</u> | <u>\$ 555,452</u> | <u>\$ 161,979</u> | <u>\$ 1,116,531</u> | <u>\$1,904,167</u> |

June 30, 2020

| | Credit Rating A | Credit Rating B | Credit Rating C | Others | Total |
|--------------------------------|------------------|-------------------|-------------------|-------------------|--------------------|
| Gross carrying amount | \$ 78,884 | \$ 414,598 | \$ 156,778 | \$ 462,791 | \$1,113,051 |
| Loss allowance (lifetime ECLs) | - | (4,025) | (3,745) | (5,794) | (13,564) |
| Amortized cost | <u>\$ 78,884</u> | <u>\$ 410,573</u> | <u>\$ 153,033</u> | <u>\$ 456,997</u> | <u>\$1,099,487</u> |

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

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|---------------------------------|---------------------|---------------------|---------------------|
| Not past due | \$ 2,118,038 | \$ 1,824,754 | \$ 1,069,670 |
| Less than and including 60 days | 143,927 | 90,454 | 38,640 |
| Over 61 days | <u>15,276</u> | <u>2,417</u> | <u>4,741</u> |
| | <u>\$ 2,277,241</u> | <u>\$ 1,917,625</u> | <u>\$ 1,113,051</u> |

The above aging schedule was based on the number of days past due from the end of the credit term.

The movements of the loss allowance of trade receivables were as follows:

| | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|---|---|---|
| Balance at January 1, 2021 | \$ 13,458 | \$ 13,600 |
| Add: allowance of impairment loss for the current period | 210 | - |
| Less: Amounts written off | (94) | - |
| Foreign exchange gains and losses | (60) | (36) |
| Balance at June 30, 2021 | <u>\$ 13,514</u> | <u>\$ 13,564</u> |

(2) Other receivables

As of June 30, 2021, December 31, 2020, and June 30, 2020, the Group assessed the impairment loss of other receivables using expected credit losses.

11. Inventories

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|------------------|---------------------|---------------------|---------------------|
| Finished goods | \$ 1,400,054 | \$ 593,470 | \$ 535,377 |
| Work in progress | 42,427 | 48,411 | 30,695 |
| Raw materials | 580,184 | 565,248 | 669,119 |
| | <u>\$ 2,022,665</u> | <u>\$ 1,207,129</u> | <u>\$ 1,235,191</u> |

The cost of inventories recognized as the cost of goods sold for the three months ended June 30, 2021 and 2020, and for the six months ended June 30, 2021 and 2020 was \$3,389,842 thousand, \$2,173,421 thousand, \$6,771,516 thousand, and \$5,044,404 thousand, respectively. For the three months ended June 30, 2021 and 2020, and for the six months ended June 30, 2021 and 2020, the costs of goods sold included provisions of allowance for write-downs of inventories and obsolescence losses amounted to \$7,496 thousand, \$14,281 thousand, \$7,650 thousand, and \$16,903 thousand, respectively.

12. Discontinued Operations

On October 24, 2011, the Company's board of directors approved to dispose of Continental General Plastics (Zhong Shan) Co., Ltd. and CGPC Consumer Products Corporation to be listed as discontinued operations. The Group has considered that its discontinued operations was resumed its operating substance, and, therefore, the Group reclassified the discontinued operations as continuing operations since 2021 after an assessment, when preparing a set of comparative financial statements, the Group is required to restate the previously stated amounts in accordance with International Financial Reporting Standards No. 5 "Non-current

assets held for sale and discontinued operations.” The effects of restating the consolidated statement of comprehensive income for the three months and six months ended June 30, 2020 are stated below:

| Effects on total comprehensive income (loss) for the three months ended June 30, 2020 | Amount Before Restatement | Profit or Loss from Discontinued Operations | Amount After Restatement |
|---|---------------------------|---|--------------------------|
| General and administrative expenses | (\$ 62,182) | (\$ 2,120) | (\$ 64,302) |
| Interest income | 1,846 | 61 | 1,907 |
| Other income | 7,247 | 6,544 | 13,791 |
| Other gain and loss | (14,257) | (3,748) | (18,005) |
| Effects on net profit for the period | (\$ 67,346) | \$ 737 | (\$ 66,609) |

| Effects on total comprehensive income (loss) for the six months ended June 30, 2020 | Amount Before Restatement | Profit or Loss from Discontinued Operations | Amount After Restatement |
|---|---------------------------|---|--------------------------|
| General and administrative expenses | (\$ 132,404) | (\$ 4,469) | (\$ 136,873) |
| Interest income | 2,955 | 121 | 3,076 |
| Other income | 13,299 | 13,068 | 26,367 |
| Other gain and loss | (1,894) | (7,264) | (9,158) |
| Effects on net profit for the period | (\$ 118,044) | \$ 1,456 | (\$ 116,588) |

13. Subsidiaries

Subsidiaries included in the consolidated financial statements:

| Investor | Subsidiary | Nature of Activities | Proportion of Ownership (%) | | | Note |
|-------------|---|---|-----------------------------|-------------------|---------------|-----------------------------------|
| | | | June 30, 2021 | December 31, 2020 | June 30, 2020 | |
| The Company | CGPC Polymer Corporation (“CGPCPOL”) | Manufacturing and marketing of PVC resins | 100.00% | 100.00% | 100.00% | Subsidiary name |
| The Company | Taiwan VCM Corporation (“TVCM”) | Manufacturing and marketing of VCM | 87.27% | 87.22% | 87.22% | Subsidiary (Note 1) |
| The Company | CGPC (BVI) Holding Co., Ltd. (“CGPC (BVI)”) | Reinvestment | 100.00% | 100.00% | 100.00% | Subsidiary name |
| The Company | CGPC America Corporation (“CGPC-America”) | Marketing of PVC film and leather products | 100.00% | 100.00% | 100.00% | Subsidiary name |
| CGPC (BVI) | Continental General Plastics (Zhong Shan) Co., Ltd. (“CGPC (ZS)”) | Manufacturing and marketing of PVC film and consumer products | 100.00% | 100.00% | 100.00% | Subsidiary of CGPC (BVI) (Note 2) |
| CGPC (BVI) | CGPC Consumer Products Corporation (“CGPC (CP)”) | Manufacturing and marketing of PVC consumer products | 100.00% | 100.00% | 100.00% | Subsidiary of CGPC (BVI) (Note 2) |

- Note 1 Based on the medium- and long-term investment strategy, the Company acquired 26 thousand shares and 130 thousand shares of TVCM from external shareholders in March and April 2021, respectively, with NT\$447 thousand and NT\$2,205 thousand, respectively, increasing its shareholding ratio in TVCM from 87.22% to 87.27%. On May 12, 2021 and May 6, 2020, the shareholders' meeting of TVCM resolved to re-capitalize earnings of NT\$220,328 thousand and NT\$155,892 thousand to issue new shares of 22,033 thousand and 15,589 thousand with a record date set on July 2, 2021 and July 3, 2020, respectively.
- Note 2 The board of directors of the Company passed a resolution in October 2011 to dissolve CGPC (ZS) and CGPC (CP). The Company has considered that its discontinued operations was resumed its operating substance, and, therefore, the Company reclassified the discontinued operations as continuing operations since 2021 after an assessment. Please refer to Note 12 for details.
- Except for the financial statements of TVCM and CGPCPOL, other non-significant subsidiaries included in the consolidated financial statements were not reviewed by the auditors.

14. Investments Accounted for Using the Equity Method

Investments in associates that are not individually material

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|--|-------------------|----------------------|-------------------|
| Listed companies | | | |
| Acme Electronics Corporation ("ACME") | \$ 22,440 | \$ 22,517 | \$ 21,579 |
| Unlisted companies | | | |
| China General Terminal & Distribution Corporation ("CGTD") | 360,937 | 315,711 | 276,668 |
| Thintec Materials Corporation ("TMC") | - | - | 173 |
| | <u>\$ 383,377</u> | <u>\$ 338,228</u> | <u>\$ 298,420</u> |

Aggregate information of associates that are not individually material

| | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|-------------------------------|--|--|--|--|
| The Group's share of: | | | | |
| Profit for the current period | \$ 7,590 | \$ 10,233 | \$ 9,275 | \$ 15,382 |
| Other comprehensive income | <u>16,930</u> | <u>14,908</u> | <u>35,874</u> | <u>3,544</u> |
| Total comprehensive income | <u>\$ 24,520</u> | <u>\$ 25,141</u> | <u>\$ 45,149</u> | <u>\$ 18,926</u> |

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

| Company name | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|--------------|------------------|----------------------|------------------|
| ACME | 1.74% | 1.74% | 1.74% |
| CGTD | 33.33% | 33.33% | 33.33% |
| TMC | - | - | 10.00% |

Refer to Table 7 “Information on Reinvestment” for the nature of activities, principal places of business and countries of incorporation of the associates.

On April 12, 2019, the board of directors of TMC approved the proposal for the dissolution and liquidation of the Company starting from the dissolution date of May 25, 2019. The liquidation and dissolution process was completed on July 22, 2020. In May 2020, the Group received the proceeds distribution of NT\$1,274 thousand derived from the residual assets in the liquidation process, and thus recognized a disposal loss of NT\$173 thousand.

The Group in conjunction with its affiliates jointly held more than 20% of each of the shareholdings of ACME and TMC 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 | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|--------------|------------------|----------------------|------------------|
| ACME | <u>\$ 60,027</u> | <u>\$ 60,027</u> | <u>\$ 32,237</u> |

All the aforementioned associates are accounted for using the equity method.

Except for those of ACME, 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 six months ended June 30, 2021 and 2020 were not reviewed by auditors for the same periods.

15. Property, Plant and Equipment

| | Freehold Land | Buildings and Improvements | Machinery and Equipment | Transportation and Communication Equipment | Miscellaneous Equipment | Construction in Progress and Machinery in Transit | Total |
|--|---------------------|----------------------------|-------------------------|--|-------------------------|---|----------------------|
| <u>Cost</u> | | | | | | | |
| Balance as of January 1, 2021 | \$ 2,090,707 | \$ 1,731,563 | \$ 10,492,526 | \$ 68,699 | \$ 399,588 | \$ 1,346,787 | \$ 16,129,870 |
| Additions | - | - | - | - | 214 | 949,649 | 949,863 |
| Disposal | - | - | (213,980) | - | (8,828) | - | (222,808) |
| Reclassification | - | 10,091 | 62,592 | - | 1,803 | (111,075) | (36,589) |
| Effect of foreign currency exchange differences | - | (4) | (474) | (52) | (117) | (6) | (653) |
| Balance as of June 30, 2021 | <u>\$ 2,090,707</u> | <u>\$ 1,741,650</u> | <u>\$ 10,340,664</u> | <u>\$ 68,647</u> | <u>\$ 392,660</u> | <u>\$ 2,185,355</u> | <u>\$ 16,819,683</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | | |
| Balance as of January 1, 2021 | \$ - | \$ 994,562 | \$ 8,213,075 | \$ 45,866 | \$ 298,312 | \$ 7,818 | \$ 9,559,633 |
| Depreciation expenses | - | 32,122 | 257,644 | 3,429 | 14,062 | - | 307,257 |
| Disposal | - | - | (123,831) | - | (8,828) | - | (132,659) |
| Effect of foreign currency exchange differences | - | (6) | (447) | (35) | (86) | (5) | (579) |
| Balance as of June 30, 2021 | <u>\$ -</u> | <u>\$ 1,026,678</u> | <u>\$ 8,346,441</u> | <u>\$ 49,260</u> | <u>\$ 303,460</u> | <u>\$ 7,813</u> | <u>\$ 9,733,652</u> |
| Net amount as of December 31, 2020 and January 1, 2021 | <u>\$ 2,090,707</u> | <u>\$ 737,001</u> | <u>\$ 2,279,451</u> | <u>\$ 22,833</u> | <u>\$ 101,276</u> | <u>\$ 1,338,969</u> | <u>\$ 6,570,237</u> |
| Net amount as of June 30, 2021 | <u>\$ 2,090,707</u> | <u>\$ 714,972</u> | <u>\$ 1,994,223</u> | <u>\$ 19,387</u> | <u>\$ 89,200</u> | <u>\$ 2,177,542</u> | <u>\$ 7,086,031</u> |
| <u>Cost</u> | | | | | | | |
| Balance as of January 1, 2020 | \$ 2,090,707 | \$ 1,694,505 | \$ 10,218,539 | \$ 58,694 | \$ 343,686 | \$ 763,535 | \$ 15,169,666 |
| Additions | - | - | - | - | 123 | 497,739 | 497,862 |
| Disposal | - | (7,861) | (68,152) | (2,200) | (1,854) | - | (80,067) |
| Reclassification | - | 31,699 | 115,418 | 8,275 | 4,467 | (165,918) | (6,059) |
| Effect of foreign currency exchange differences | - | (1) | (878) | (63) | (103) | (11) | (1,056) |
| Balance as of June 30, 2020 | <u>\$ 2,090,707</u> | <u>\$ 1,718,342</u> | <u>\$ 10,264,927</u> | <u>\$ 64,706</u> | <u>\$ 346,319</u> | <u>\$ 1,095,345</u> | <u>\$ 15,580,346</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | | |
| Balance as of January 1, 2020 | \$ - | \$ 946,821 | \$ 7,827,294 | \$ 43,683 | \$ 284,379 | \$ 7,811 | \$ 9,109,988 |
| Depreciation expenses | - | 31,219 | 246,929 | 2,643 | 9,776 | - | 290,567 |
| Disposal | - | (7,827) | (65,886) | (2,200) | (1,854) | - | (77,767) |
| Effect of foreign currency exchange differences | - | - | (860) | (51) | (70) | (11) | (992) |
| Balance as of June 30, 2020 | <u>\$ -</u> | <u>\$ 970,213</u> | <u>\$ 8,007,477</u> | <u>\$ 44,075</u> | <u>\$ 292,231</u> | <u>\$ 7,800</u> | <u>\$ 9,321,796</u> |
| Net amount as of June 30, 2020 | <u>\$ 2,090,707</u> | <u>\$ 748,129</u> | <u>\$ 2,257,450</u> | <u>\$ 20,631</u> | <u>\$ 54,088</u> | <u>\$ 1,087,545</u> | <u>\$ 6,258,550</u> |

The additions to the construction in progress and machinery in transit 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 centre 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 | | |
| Dormitories, restaurants and office buildings | | 26 to 60 years |
| Cell room and improvements | | 5 to 21 years |
| General plants and improvements | | 3 to 45 years |
| Machinery and Equipment | | |
| Chemical industry equipment | | 5 to 8 years |
| Machinery manufacturing equipment | | 5 to 8 years |
| Electrical equipment and tanks | | 10 to 26 years |
| Other equipment | | 2 to 15 years |
| Transportation Equipment | | |
| Cars | | 2 to 7 years |
| Forklifts | | 5 to 8 years |
| Other vehicles | | 2 to 15 years |
| Other equipment | | 2 to 10 years |
| Miscellaneous Equipment | | |
| General office computers | | 2 to 5 years |
| Industrial computers | | 3 to 15 years |
| Other miscellaneous equipment | | 3 to 21 years |

For the six months ended June 30, 2021 and 2020, the Group does not perform impairment assessment because there was no sign of impairment loss.

The Group sets out the property, plant and equipment pledged as collateral for bank borrowings in Note 30.

16. Lease Arrangements

(1) Right-of-use assets

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|--|-------------------|----------------------|-------------------|
| Carrying amount of right-of-use assets | | | |
| Land | \$ 141,634 | \$ 152,350 | \$ 162,769 |
| Buildings | 6,125 | 8,239 | 10,629 |
| Machinery and Equipment | 13,676 | 18,234 | 22,793 |
| | <u>\$ 161,435</u> | <u>\$ 178,823</u> | <u>\$ 196,191</u> |

| | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|--|--|--|--|--|
| Depreciation expense of right-of-use assets | | | | |
| Land | \$ 5,358 | \$ 5,375 | \$ 10,709 | \$ 10,749 |
| Buildings | 971 | 1,038 | 1,956 | 2,083 |
| Machinery and Equipment | <u>2,280</u> | <u>2,280</u> | <u>4,559</u> | <u>4,559</u> |
| | <u>\$ 8,609</u> | <u>\$ 8,693</u> | <u>\$ 17,224</u> | <u>\$ 17,391</u> |

Except for the recognition of depreciation expenses, the Group's right-of-use assets did not experience significant sublease and impairment for the six months ended June 30, 2021 and 2020.

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. Please refer to Note 17. The corresponding amount of the above-mentioned right-of-use assets excludes the right-of-use assets that meet the definition of investment property.

(2) Lease liabilities

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|---|-------------------|----------------------|-------------------|
| Carrying amount of lease liabilities | | | |
| Current | <u>\$ 36,011</u> | <u>\$ 36,029</u> | <u>\$ 36,107</u> |
| Non-current | <u>\$ 129,842</u> | <u>\$ 147,189</u> | <u>\$ 164,287</u> |

Range of discount rate for lease liabilities was as follows:

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|-------------------------|---------------------|----------------------|------------------|
| Land | 0.8244%- 1.0392% | 0.8244%- 1.0392% | 1.0392% |
| Buildings | 1.0392% | 1.0392% | 1.0392% |
| Machinery and Equipment | 1.0392% | 1.0392% | 1.0392% |

(3) Material lease activities and contractual terms and conditions

The Group has leased certain land and buildings from others for use as factories and offices, with lease term ranging from 4 to 14 years. At the end of the lease term, the Group has no preferential right to purchase the leased land and buildings.

The Group has also leased certain machinery and equipment from others for use as product manufacturing and company operations, with a lease term of 5 years. At the end of the lease term, the Group has no preferential right to purchase leased machinery and equipment.

The Group adjusted its lease payments arising from the lease contract of land located in Kaohsiung for the change in the publicly announced land price.

(4) Other lease information

| | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|---|--|--|--|--|
| Expenses relating to short-term leases | <u>\$ 2,723</u> | <u>\$ 3,077</u> | <u>\$ 5,414</u> | <u>\$ 6,188</u> |
| Expenses relating to low-value asset leases | <u>\$ 168</u> | <u>\$ 147</u> | <u>\$ 328</u> | <u>\$ 301</u> |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | <u>\$ 10,985</u> | <u>\$ 10,893</u> | <u>\$ 19,094</u> | <u>\$ 21,436</u> |
| Total cash outflow for leases | | | <u>(\$ 42,949)</u> | <u>(\$ 46,038)</u> |

17. Investment Properties

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|-----------------------------------|-------------------|----------------------|-------------------|
| Investment properties - completed | | | |
| Land | \$ 113,443 | \$ 113,388 | \$ 27,715 |
| Building and improvements - net | 317,829 | 331,548 | 340,424 |
| Right-of-use assets | <u>86,825</u> | <u>89,529</u> | <u>87,432</u> |
| | <u>\$ 518,097</u> | <u>\$ 534,465</u> | <u>\$ 455,571</u> |

The Group'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 Group 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 June 30, 2021, December 31, 2020, and June 30, 2020 is as follows:

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|--------------|-------------------|----------------------|------------------|
| Year 1 | \$ 37,597 | \$ 32,578 | \$ 30,507 |
| Year 2 | 23,851 | 17,620 | 15,936 |
| Year 3 | 13,302 | 12,608 | 6,622 |
| Year 4 | 10,776 | 6,622 | 6,622 |
| Year 5 | 10,776 | 6,622 | 6,623 |
| Over 5 years | <u>32,328</u> | <u>23,178</u> | <u>26,489</u> |
| | <u>\$ 128,630</u> | <u>\$ 99,228</u> | <u>\$ 92,799</u> |

Except for the recognition of depreciation expense, the Group's investment properties did not experience significant additions, disposals, and impairments for the six months ended June 30, 2021 and 2020.

The investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

| | |
|----------------------------|---------------|
| Buildings and Improvements | 5 to 26 years |
| Right-of-use assets | 50 years |

18. Borrowings

(1) Short-term borrowings

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|----------------------|-------------------|----------------------|-------------------|
| Unsecured borrowings | | | |
| Bank loans | <u>\$ 280,000</u> | <u>\$ -</u> | <u>\$ 266,000</u> |

As of June 30, 2021 and 2020, the interest rate of the revolving bank loans were 0.8% and 0.85%~0.88%, respectively (as of December 31, 2020: None).

(2) Long-term borrowings

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|----------------------------|------------------|-------------------|-------------------|
| Line of credit borrowings | <u>\$ 50,000</u> | <u>\$ 50,000</u> | <u>\$ 500,000</u> |
| The range of interest rate | <u>0.82%</u> | <u>0.82%</u> | <u>0.94%</u> |

In order to enrich medium- and long-term working capital, the Company entered into a long-term credit contract with a bank, with a credit limit of NT\$1,000,000 thousand and a credit period due in July 2023. Any revolving drawdown within the credit limit can be made before the expiration date of the contract. However, the Company had canceled the credit facility in November 2020.

In order to enrich medium- and long-term working capital, CGPCPOL entered into long-term credit contracts with banks, with a total credit limit of NT\$1,800,000 thousand and credit periods due in August 2023 and onwards. Any revolving drawdown within the credit limit can be made before the expiration dates of the contracts. However, CGPCPOL had canceled a credit facility of NT\$800,000 thousand in November 2020. As of June 30, 2021, CGPCPOL has not made any drawdown from the line of credit.

In order to enrich medium- and long-term working capital, TVCM entered into long-term credit contracts with banks, with a credit limit of NT\$1,100,000 thousand and a credit period due in September 2023 and onwards. Any revolving drawdown within the credit limit can be made before the expiration dates of the contracts. As of June 30, 2021, TVCM has made drawdowns of NT\$50,000 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 June 30, 2021, the Group has not defaulted on any of the aforementioned financial ratios. The Group sets out the assets as pledged collateral for bank borrowings in Note 30.

19. Notes payable and trade payable

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|---|---------------------|----------------------|-------------------|
| <u>Trade payables (including related parties) (Note 29)</u> | | | |
| Notes receivable - operating | <u>\$ 1,053,712</u> | <u>\$ 893,771</u> | <u>\$ 545,827</u> |

The average payment period of trade payables was 2 months. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20. Other Payables – Current

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|--------------------------------------|---------------------|----------------------|-------------------|
| Dividends payable | \$ 738,139 | \$ 9,345 | \$ 196,761 |
| Payables for salaries or bonuses | 322,488 | 343,379 | 166,978 |
| Payables for utilities and fuel fees | 118,049 | 114,259 | 105,182 |
| Payables for freight | 112,527 | 133,405 | 56,446 |
| Payables for purchases of equipment | 91,194 | 47,247 | 104,340 |
| Payables for business taxes | 1,835 | 40,305 | - |
| Others | <u>210,031</u> | <u>114,929</u> | <u>119,479</u> |
| | <u>\$ 1,594,263</u> | <u>\$ 802,869</u> | <u>\$ 749,186</u> |

21. Retirement Benefit Plans

Pension expense in respect of the Group's defined benefit retirement plans was calculated using the actuarially determined pension cost rate at the end of the prior fiscal year which was stated in the respective 2020 and 2019 actuarial report; the employee pension expense for the three months ended June 30, 2021 and 2020, and for the six months ended June 30, 2021 and 2020 were NT\$3,842 thousand, NT\$4,595 thousand, NT\$7,685 thousand, and NT\$9,379 thousand, respectively. Under the defined benefit plans adopted by the Group, the Company and TVCM contribute amounts equal to 10% of total monthly salaries and wages of employees to a pension fund administered by the pension fund monitoring committee.

The Group contributed NT\$38,210 thousand and NT\$39,540 thousand for the six months ended June 30, 2021 and 2020, respectively, to the pension fund account with the Bank of Taiwan, which was designated by the Supervisory Committee of Workers' Pension Preparation Fund.

22. Equity

(1) Ordinary shares

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|--|---------------------|----------------------|---------------------|
| Number of shares authorized (in thousands) | <u>650,000</u> | <u>650,000</u> | <u>650,000</u> |
| Share capital authorized | <u>\$ 6,500,000</u> | <u>\$ 6,500,000</u> | <u>\$ 6,500,000</u> |
| Number of shares issued and fully paid (in thousands) | <u>553,381</u> | <u>553,381</u> | <u>527,030</u> |
| Share capital issued | <u>\$ 5,533,814</u> | <u>\$ 5,533,814</u> | <u>\$ 5,270,299</u> |
| Number of shares of stock dividends to be distributed (in thousands) | <u>27,669</u> | <u>-</u> | <u>26,351</u> |
| Stock dividends to be distributed | <u>\$ 276,691</u> | <u>\$ -</u> | <u>\$ 263,515</u> |

The holders of issued ordinary shares with a par value of \$10 are entitled to the right to one vote and to receive dividends.

(2) Capital surplus

Capital surplus relating to unclaimed dividends of which the claim period has expired may be used only to offset previous deficits.

Capital surplus generated from investments in associates accounted for using the equity method may not be used for any purposes.

Capital surplus generated from the difference between the acquisition price of a subsidiary's equity and the book value may be used to offset deficits, be distributed in cash, or be appropriated to share capital.

(3) Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation, where the Company makes a net income in a fiscal year, the profit shall be used first for offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The shareholders' meeting may retain part or all of such earnings depending on the operating circumstances. The industry that the Company operates in is in the maturity

stage. Consequently, in order to take R&D needs and diversification into consideration, shareholders' dividends shall not be less than 10% of the distributable earnings in the current year, of which the cash dividends shall not be less than 10% of the total dividends. However, if the distributable earnings of the year is less than \$0.1 per share, it shall not be distributed. For the policies on the distribution of employees' compensation and remuneration of directors after amendment, refer to "Employees' compensation and remuneration of directors" in Note 24(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.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

In response to the "Measures relating to the extension of the shareholders' meeting of the public company affected by COVID-19" announced by the Financial Supervisory Commission, the Company ceased to originally convene the shareholders' meeting on May 28, 2021, and then it held the shareholders' meeting on July 27, 2021. However, the earnings distribution proposal of 2020 has reached the legal threshold of resolution through electronic voting and the Group has been adjusted and accounted for.

The shareholders' meetings approved the earnings distribution proposal for years ended December 31, 2020 and 2019 on July 27, 2021 and May 28, 2020 as follows:

| | Appropriation of Earnings | | Dividends Per Share (NT\$) | |
|-----------------|---------------------------|-----------|----------------------------|--------|
| | 2020 | 2019 | 2020 | 2019 |
| Legal reserve | \$ 165,369 | \$ 64,393 | | |
| Cash dividends | 996,086 | 263,515 | \$ 1.8 | \$ 0.5 |
| Share dividends | 276,691 | 263,515 | 0.5 | 0.5 |

(4) Special reserve

The Company appropriated a special reserve in the amount of \$408,223 thousand after offsetting a deficit of \$428,727 thousand, which was from the net increase of retained earnings arising from the initial adoption of IFRSs. As of June 30, 2021, there was no change.

(5) Other equity items

1. Exchange differences in translating the financial statements of foreign operations

| | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|---|---|---|
| Balance at January 1, 2021 | (\$ 43,259) | (\$ 33,763) |
| Recognized for the period | | |
| Exchange differences on translating the financial statements of foreign operations | (10,689) | (10,880) |
| Share of exchange differences of associates accounted for using the equity method | (420) | (682) |
| Related income tax | <u>2,138</u> | <u>2,312</u> |
| Balance at June 30, 2021 | <u>(\$ 52,230)</u> | <u>(\$ 43,013)</u> |

2. Unrealized gain on financial assets at FVTOCI

| | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|--|---|---|
| Balance at January 1, 2021 | \$ 138,774 | \$ 67,029 |
| Recognized for the period | | |
| Unrealized gains | | |
| Equity instruments | 13,381 | 20,756 |
| Share of gain of associates accounted for using the equity method | <u>36,294</u> | <u>4,226</u> |
| Balance at June 30, 2021 | <u>\$ 188,449</u> | <u>\$ 92,011</u> |

23. Revenue

(1) Revenue from contracts with customers

| | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|--------------------------------|--|--|--|--|
| Revenue from the sale of goods | | | | |
| PVC products | \$4,391,357 | \$2,284,686 | \$9,365,227 | \$5,689,191 |
| VCM products | <u>184,551</u> | <u>2,370</u> | <u>189,346</u> | <u>189,079</u> |
| | <u>\$4,575,908</u> | <u>\$2,287,056</u> | <u>\$9,554,573</u> | <u>\$5,878,270</u> |

Revenue from the sale of goods comes from the sale of VCM, chlor-alkali products, PVC resins, PVC compounds and other related products.

Refer to Note 34 for information about revenue from contracts with customers.

(2) Contract balances

Please refer to Note 10 for information related to notes receivable and trade receivables.

| | June 30, 2021 | December 31, 2020 | June 30, 2020 | January 1, 2020 |
|---|------------------|----------------------|------------------|--------------------|
| Contract liabilities (presented in other current liabilities) | <u>\$ 71,583</u> | <u>\$ 64,270</u> | <u>\$ 62,422</u> | <u>\$ 32,763</u> |

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's fulfillment of performance obligation and the respective customers' payment.

(3) Refunds liabilities

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|--|------------------|----------------------|------------------|
| Refunds liabilities (presented in other current liabilities) | <u>\$ 17,582</u> | <u>\$ 9,612</u> | <u>\$ 10,574</u> |

Refund liabilities relating to sales return and discount are estimated based on historical experience, management judgment, and other known factors, and are presented as a deduction to operating revenue in the period in which the goods are sold.

24. Net Profit (Loss) from Continuing Operations

Net Profit (Loss) from Continuing Operations attributable to:

| | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|---------------------------|--|--|--|--|
| Owners of the Company | \$ 546,660 | (\$ 55,226) | \$ 1,373,385 | \$ 255,851 |
| Non-controlling Interests | <u>46,624</u> | (<u>9,473</u>) | <u>106,675</u> | <u>28,154</u> |
| | <u>\$ 593,284</u> | (<u>\$ 64,699</u>) | <u>\$ 1,480,060</u> | <u>\$ 284,005</u> |

(1) Interest income

| | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|---------------------------------------|--|--|--|--|
| Interest income | | | | |
| Bank deposits (see Note 12) | \$ 273 | \$ 680 | \$ 455 | \$ 1,699 |
| Financial assets at FVTPL | 902 | 1,077 | 902 | 1,077 |
| Financial assets at amortized cost | 74 | 131 | 157 | 245 |
| Others | <u>22</u> | <u>19</u> | <u>59</u> | <u>55</u> |
| | <u>\$ 1,271</u> | <u>\$ 1,907</u> | <u>\$ 1,573</u> | <u>\$ 3,076</u> |

(2) Other income

| | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|-----------------------------|--|--|--|--|
| Rental income (see Note 12) | \$ 11,841 | \$ 8,795 | \$ 22,854 | \$ 17,747 |
| Others (see Note 12) | <u>6,363</u> | <u>4,996</u> | <u>8,977</u> | <u>8,620</u> |
| | <u>\$ 18,204</u> | <u>\$ 13,791</u> | <u>\$ 31,831</u> | <u>\$ 26,367</u> |

(3) Other gains and losses

| | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|--|--|--|--|--|
| Net losses on disposal of property, plant and equipment | (\$ 72,528) | (\$ 1,015) | (\$ 71,754) | (\$ 525) |
| Gross foreign exchange gains (see Note 12) | 7,697 | 1,395 | 64,377 | 44,004 |
| Gross foreign exchange losses | (46,091) | (15,500) | (110,513) | (41,530) |
| Loss on financial liabilities held for trading (see Note 7) | (3,718) | (1,106) | (16,365) | (5,105) |
| Gain on financial assets mandatorily classified as at FVTPL (see Note 7) | 15,086 | 7,700 | 30,819 | 13,186 |
| Depreciation expenses from investment properties (see Note 12) | (7,164) | (7,070) | (14,367) | (14,224) |
| Others (see Note 12) | (<u>983</u>) | (<u>2,409</u>) | (<u>2,078</u>) | (<u>4,964</u>) |
| | <u>(\$ 107,701)</u> | <u>(\$ 18,005)</u> | <u>(\$ 119,881)</u> | <u>(\$ 9,158)</u> |

(4) Interest expense

| | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|---|--|--|--|--|
| Interest on bank loans | \$ 201 | \$ 1,721 | \$ 410 | \$ 3,594 |
| Interest on lease liabilities | 446 | 536 | 914 | 1,094 |
| Less: Capitalized interest (presented under construction in progress) | <u>-</u> | <u>(18)</u> | <u>-</u> | <u>(31)</u> |
| | <u>\$ 647</u> | <u>\$ 2,239</u> | <u>\$ 1,324</u> | <u>\$ 4,657</u> |

Information about capitalized interest was as follows: (For the three months and six months ended June 30, 2021: None.)

| | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2020 |
|---------------------|---|---|
| Capitalization rate | 0.73% | 0.72% |

(5) Depreciation and amortization

| | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|-------------------------------|--|--|--|--|
| Property, plant and equipment | \$ 152,873 | \$ 144,220 | \$ 307,257 | \$ 290,567 |
| Right-of-use assets | 8,609 | 8,693 | 17,224 | 17,391 |
| Investment property | 7,164 | 7,070 | 14,367 | 14,224 |
| Intangible assets | 31 | 31 | 61 | 61 |
| Others | <u>8,470</u> | <u>10,207</u> | <u>15,985</u> | <u>19,841</u> |
| | <u>\$ 177,147</u> | <u>\$ 170,221</u> | <u>\$ 354,894</u> | <u>\$ 342,084</u> |

An analysis of depreciation by
function

| | | | | |
|---------------------|-------------------|-------------------|-------------------|-------------------|
| Operating costs | \$ 156,068 | \$ 148,681 | \$ 313,579 | \$ 299,441 |
| Operating expenses | 5,414 | 4,231 | 10,902 | 8,517 |
| Other gain and loss | <u>7,164</u> | <u>7,071</u> | <u>14,367</u> | <u>14,224</u> |
| | <u>\$ 168,646</u> | <u>\$ 159,983</u> | <u>\$ 338,848</u> | <u>\$ 322,182</u> |

An analysis of amortization
by function

| | | | | |
|--|-----------------|------------------|------------------|------------------|
| Operating costs | \$ 8,470 | \$ 10,207 | \$ 15,985 | \$ 19,841 |
| General and administrative expenses | <u>31</u> | <u>31</u> | <u>61</u> | <u>61</u> |
| | <u>\$ 8,501</u> | <u>\$ 10,238</u> | <u>\$ 16,046</u> | <u>\$ 19,902</u> |

(6) Employee benefits expense

| | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|---|--|--|--|--|
| Post-employment benefits | | | | |
| Defined contribution plans | \$ 7,423 | \$ 7,242 | \$ 14,641 | \$ 14,391 |
| Defined benefit plans (see Note 21) | <u>3,842</u> | <u>4,595</u> | <u>7,685</u> | <u>9,379</u> |
| | 11,265 | 11,837 | 22,326 | 23,770 |
| Other employee benefits | <u>329,002</u> | <u>241,333</u> | <u>688,410</u> | <u>561,669</u> |
| Total employee benefits expenses | <u>\$ 340,267</u> | <u>\$ 253,170</u> | <u>\$ 710,736</u> | <u>\$ 585,439</u> |
| An analysis of employee benefits expense by function | | | | |
| Operating costs | \$ 266,678 | \$ 194,849 | \$ 560,374 | \$ 457,747 |
| Operating expenses | <u>73,589</u> | <u>58,321</u> | <u>150,362</u> | <u>127,692</u> |
| | <u>\$ 340,267</u> | <u>\$ 253,170</u> | <u>\$ 710,736</u> | <u>\$ 585,439</u> |

(7) The remuneration of employees and directors

The Company accrued remuneration of employees and directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the three months ended June 30, 2021 and 2020, and for the six months ended June 30, 2021 and 2020, the remuneration of employees and directors were as follows:

Accrual rate

| | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|---------------------------|---|---|
| Remuneration of Employees | 1% | 1% |
| Remuneration of Directors | - | - |

Amount

| | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|------------------------------|--|--|--|--|
| Remuneration of Employees | <u>\$ 5,903</u> | <u>(\$ 636)</u> | <u>\$ 14,679</u> | <u>\$ 2,733</u> |

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.

The remuneration of employees and directors for 2020 and 2019, which have been approved by the Company's board of directors on March 5, 2021 and March 5, 2020, respectively, were as follows:

Amount of Cash

| | <u>2020</u> | <u>2019</u> |
|---------------------------|------------------|-----------------|
| Remuneration of Employees | <u>\$ 17,034</u> | <u>\$ 6,967</u> |

There was no difference between the actual amounts of remuneration of employees and directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

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.

25. Income Tax Relating to Continuing Operations

(1) Major components of income tax expense recognized in profit or loss

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

| | <u>For the Three Months Ended June 30, 2021</u> | <u>For the Three Months Ended June 30, 2020</u> | <u>For the Six Months Ended June 30, 2021</u> | <u>For the Six Months Ended June 30, 2020</u> |
|---|---|---|---|---|
| Current tax | | | | |
| In respect of the current period | \$ 164,132 | (\$ 22,914) | \$ 376,133 | \$ 65,636 |
| Unappropriated earnings | - | 2,625 | - | 2,625 |
| Adjustments for previous periods | (<u>4,759</u>) | (<u>9,216</u>) | (<u>4,759</u>) | (<u>9,216</u>) |
| | <u>159,373</u> | (<u>29,505</u>) | <u>371,374</u> | <u>59,045</u> |
| Deferred tax | | | | |
| In respect of the current period | (2,323) | (3,101) | 5,366 | 5,821 |
| Adjustments for previous periods | <u>756</u> | (<u>390</u>) | <u>756</u> | (<u>390</u>) |
| | (<u>1,567</u>) | (<u>3,491</u>) | <u>6,122</u> | <u>5,431</u> |
| Income tax expenses (benefits) recognized in profit or loss | <u>\$ 157,806</u> | (<u>\$ 32,996</u>) | <u>\$ 377,496</u> | <u>\$ 64,476</u> |

(2) Income tax recognized in other comprehensive income

| | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|---------------------------------------|--|--|--|--|
| <u>Deferred tax</u> | | | | |
| Recognized for the period | | | | |
| -Translation of foreign operations | \$ 1,990 | \$ 2,430 | \$ 2,138 | \$ 2,312 |

(3) Income tax assessments

The income tax returns of TVCM through 2019 have been assessed by the tax authorities. The income tax returns of the Company and CGPCPOL through 2018 have been assessed by the tax authorities.

(4) Income tax related to subsidiaries

CGPC (BVI) had no income tax expense for the six months ended June 30, 2021 and 2020 due to relevant tax exemptions in compliance with the regulations of the location where the entities were established. The state tax rate applicable to CGPC-America is 9%, and the federal tax rate applicable to CGPC-America is 21%.

26. Earnings (Losses) Per Share

Unit: NT\$ Per Share

| | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|--|--|--|--|--|
| Basic earnings (losses) per share | \$ 0.94 | (\$ 0.10) | \$ 2.36 | \$ 0.44 |
| Diluted earnings (losses) per share | \$ 0.94 | (\$ 0.10) | \$ 2.36 | \$ 0.44 |

The weighted average number of shares outstanding used for the earnings (losses) per share computation was adjusted retroactively for the issuance of bonus shares, for which the record date was set on September 10, 2021. The basic and diluted earnings (losses) per share adjusted retrospectively for the three months and six months ended June 30, 2020 were as follows:

Unit: NT\$ Per Share

| | <u>Before Retrospective Adjustment</u> | | <u>After Retrospective Adjustment</u> | |
|---|---|---|---|---|
| | <u>For the Three months ended June 30, 2020</u> | <u>For the Six Months Ended June 30, 2020</u> | <u>For the Three months ended June 30, 2020</u> | <u>For the Six Months Ended June 30, 2020</u> |
| Basic and diluted earnings (losses) per share | (\$ 0.10) | \$ 0.46 | (\$ 0.10) | \$ 0.44 |

Earnings (losses) and weighted average number of ordinary shares used to calculate earnings (losses) per share were as follows:

Net profit (loss) for the period

| | <u>For the Three Months Ended June 30, 2021</u> | <u>For the Three Months Ended June 30, 2020</u> | <u>For the Six Months Ended June 30, 2021</u> | <u>For the Six Months Ended June 30, 2020</u> |
|---|---|---|---|---|
| The net profit (loss) used to calculate basic and diluted earnings (losses) per share | \$ 546,660 | (\$ 55,226) | \$ 1,373,385 | \$ 255,851 |

Unit: Thousands of shares

| | <u>For the Three Months Ended June 30, 2021</u> | <u>For the Three Months Ended June 30, 2020</u> | <u>For the Six Months Ended June 30, 2021</u> | <u>For the Six Months Ended June 30, 2020</u> |
|--|---|---|---|---|
| Weighted average number of ordinary shares used to calculate basic earnings (losses) per share | 581,050 | 581,050 | 581,050 | 581,050 |
| Effect of potentially dilutive ordinary shares: | | | | |
| Remuneration of Employees | <u>388</u> | <u>145</u> | <u>581</u> | <u>271</u> |
| Weighted average number of ordinary shares used to calculate diluted earnings (losses) per share | <u>581,438</u> | <u>581,195</u> | <u>581,631</u> | <u>581,321</u> |

If the Group offered to settle remuneration paid to employees in cash or shares, the Group assumed the entire amount of the remuneration would be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. 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.

28. 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

June 30, 2021

| | Level 1 | Level 2 | Level 3 | Total |
|--|--------------------|-----------------|-------------------|--------------------|
| <u>Financial assets at FVTPL</u> | | | | |
| Derivative financial assets | \$ - | \$ 4,522 | \$ - | \$ 4,522 |
| Mutual Funds | 1,167,606 | - | | 1,167,606 |
| Beneficiary securities | 48,051 | - | | 48,051 |
| Investments in equity instruments | | | | |
| — Domestic listed equity investments | 97,045 | - | - | 97,045 |
| — Overseas unlisted equity investments | - | - | - | - |
| | <u>\$1,312,702</u> | <u>\$ 4,522</u> | <u>\$ -</u> | <u>\$1,317,224</u> |
| <u>Financial assets at FVTOCI</u> | | | | |
| Investments in equity instruments | | | | |
| — Domestic listed equity investments | \$ 4,470 | \$ - | \$ - | \$ 4,470 |
| — Domestic unlisted equity investments | - | - | 141,779 | 141,779 |
| | <u>\$ 4,470</u> | <u>\$ -</u> | <u>\$ 141,779</u> | <u>\$ 146,249</u> |
| <u>Financial liabilities at FVTPL</u> | | | | |
| Derivative financial assets | <u>\$ -</u> | <u>\$ 4,662</u> | <u>\$ -</u> | <u>\$ 4,662</u> |

December 31, 2020

| | Level 1 | Level 2 | Level 3 | Total |
|--|--------------------|-----------------|-------------------|--------------------|
| <u>Financial assets at FVTPL</u> | | | | |
| Derivative financial assets | \$ - | \$ 3,443 | \$ - | \$ 3,443 |
| Mutual Funds | 1,471,300 | - | - | 1,471,300 |
| Beneficiary securities | 49,918 | - | - | 49,918 |
| Investments in equity instruments | | | | |
| — Overseas unlisted equity investments | - | - | - | - |
| | <u>\$1,521,218</u> | <u>\$ 3,443</u> | <u>\$ -</u> | <u>\$1,524,661</u> |
| <u>Financial assets at FVTOCI</u> | | | | |
| Investments in equity instruments | | | | |
| — Domestic listed equity investments | \$ 2,746 | \$ - | \$ - | \$ 2,746 |
| — Domestic unlisted equity investments | - | - | 137,731 | 137,731 |
| | <u>\$ 2,746</u> | <u>\$ -</u> | <u>\$ 137,731</u> | <u>\$ 140,477</u> |
| <u>Financial liabilities at FVTPL</u> | | | | |
| Derivative financial assets | <u>\$ -</u> | <u>\$ 4,556</u> | <u>\$ -</u> | <u>\$ 4,556</u> |

June 30, 2020

| | Level 1 | Level 2 | Level 3 | Total |
|--|--------------------|-----------------|-------------------|--------------------|
| <u>Financial assets at FVTPL</u> | | | | |
| Derivative financial assets | \$ - | \$ 2,485 | \$ - | \$ 2,485 |
| Mutual Funds | 1,325,565 | - | - | 1,325,565 |
| Beneficiary securities | 45,356 | - | - | 45,356 |
| Investments in equity instruments | | | | |
| — Overseas unlisted equity investments | - | - | - | - |
| | <u>\$1,370,921</u> | <u>\$ 2,485</u> | <u>\$ -</u> | <u>\$1,373,406</u> |
| <u>Financial assets at FVTOCI</u> | | | | |
| Investments in equity instruments | | | | |
| — Domestic listed equity investments | \$ 2,256 | \$ - | \$ - | \$ 2,256 |
| — Domestic unlisted equity investments | - | - | 138,346 | 138,346 |
| | <u>\$ 2,256</u> | <u>\$ -</u> | <u>\$ 138,346</u> | <u>\$ 140,602</u> |
| <u>Financial liabilities at FVTPL</u> | | | | |
| Derivative financial assets | <u>\$ -</u> | <u>\$ 2,043</u> | <u>\$ -</u> | <u>\$ 2,043</u> |

There were no transfers between Levels 1 and 2 fair value measurement for the six months ended June 30, 2021 and 2020.

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

For the Six Months Ended June 30, 2021

| | <u>Financial assets at FVTOCI</u> |
|--|---------------------------------------|
| Balance at January 1, 2021 | \$137,731 |
| Recognized in other comprehensive income (included an unrealized gain on financial assets at FVTOCI) | 11,877 |
| Refund of capital reduction | (<u>7,829</u>) |
| Balance at June 30, 2021 | <u>\$141,779</u> |

For the Six Months Ended June 30, 2020

| | <u>Financial assets at FVTOCI</u> |
|--|---------------------------------------|
| Balance at January 1, 2020 | \$117,882 |
| Recognized in other comprehensive income (included an unrealized gain on financial assets at FVTOCI) | <u>20,464</u> |
| Balance at June 30, 2020 | <u>\$138,346</u> |

3) Valuation techniques and inputs applied for Level 2 fair value measurement

| <u>Financial Instruments</u> | <u>Valuation Technique and Inputs</u> |
|---|---|
| Derivatives - foreign exchange forward contracts | Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. |

4) Valuation techniques and inputs applied for Level 3 fair value measurement

To determine the fair value for Level 3 financial instruments, the Group's financial department conducts independent fair value verification using independent resources so as to better reflect the market conditions, as well as periodically reviewing the valuation results in order to guarantee the rationality of the measurement. For unlisted domestic equity investments, the Group utilizes the asset approach and takes into account the most recent net asset value, observable financial status as well as the financing activities of

investees in order to determine their net asset value. The unobservable input used was a discount for the lack of marketability of 15% on June 30, 2021, December 31, 2020, and June 30, 2020. When other inputs remain unchanged, the fair value will decrease by NT\$1,668 thousand, NT\$1,620 thousand, and NT\$1,628 thousand, respectively, if the discount for lack of marketability increases by 1%.

(3) Categories of financial instruments

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|---|------------------|----------------------|------------------|
| <u>Financial assets</u> | | | |
| Financial assets at FVTPL | | | |
| Mandatorily classified at FVTPL | \$ 1,317,224 | \$ 1,524,661 | \$ 1,373,406 |
| Financial assets at amortized cost | | | |
| Cash and cash equivalents | 1,016,852 | 777,101 | 600,215 |
| Pledged time deposits | 269,246 | 269,224 | 269,152 |
| Notes receivable | 189,581 | 200,777 | 134,472 |
| Trade receivables (including related parties) | 2,074,146 | 1,703,390 | 965,015 |
| Other receivables (including related parties and excluding tax refund receivable) | 2,921 | 35,740 | 188,261 |
| Refundable deposits | 26,128 | 25,785 | 26,755 |
| Financial assets at FVTOCI— | | | |
| Equity instruments | 146,249 | 140,477 | 140,602 |
| <u>Financial liabilities</u> | | | |
| Financial liabilities at FVTPL— | | | |
| Held for trading | 4,662 | 4,556 | 2,043 |
| Financial liabilities measured at amortized cost | | | |
| Short-term borrowings | 280,000 | - | 266,000 |
| Trade payables (including related parties) | 1,053,712 | 893,771 | 545,827 |
| Other payables (Note 1) | 1,633,807 | 432,656 | 684,640 |
| Long-term borrowings | 50,000 | 50,000 | 500,000 |
| Guarantee deposits | 4,971 | 4,185 | 19,021 |

Note 1: Other payables (including related parties) do not include the amount of salary payable and business tax payable.

(4) Financial risk management objectives and policies

The Group's conduct of risk controlling and hedging strategy is influenced by the operational environment. The Group monitors and manages the financial risk by business nature and risk dispersion. These risks include market risk (including foreign currency risk, interest rate risk and other price risks), credit risk and liquidity risk.

1) Market risk

The Group's operating activities exposed itself primarily to the market risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group conducted foreign currency sales and purchases, which exposed the Group to foreign currency risk. In order to avoid the impact of foreign currency exchange rate changes, which lead to deductions in foreign currency denominated assets and fluctuations in their future cash flows, the Group maintains a balance of hedged net foreign currency denominated assets and liabilities. The Group also utilizes foreign exchange forward contracts to hedge the currency exposure. The use of foreign exchange forward contracts is regulated by the policies passed by the Group's board of directors. Internal auditors focus on reviewing the observance of the policies and the quota of risk exposures. The foreign exchange forward contracts that the Group engaged in were not for speculation purposes.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Group's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 3% strengthening/weakening of the functional currency against USD, the net income before tax for the six months ended June 30, 2021 and 2020 would have decreased/increased by NT\$50,399 thousand and NT\$25,121 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.

b) Interest rate risk

The Group was exposed to the fair value risk of interest rate fluctuations for the fixed interest rate bearing financial assets and financial liabilities; the Group was exposed to the cash flow risk of interest rate fluctuations for the floating interest rate bearing financial assets and financial liabilities. The Group's management regularly monitors the fluctuations in market rates and then adjusted its balance of floating rate bearing financial liabilities to make the Group's interest rates more closely approach market rates in response to the interest rate risk.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|-------------------------------|------------------|----------------------|------------------|
| Fair value interest rate risk | | | |
| - Financial assets | \$ 818,621 | \$ 723,227 | \$ 587,442 |
| - Financial liabilities | 445,853 | 183,218 | 466,394 |
| Cash flow interest rate risk | | | |
| - Financial assets | 321,155 | 300,025 | 264,425 |
| - Financial liabilities | 50,000 | 50,000 | 500,000 |

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 for the six months ended June 30, 2021 and 2020 would have increased/decreased by NT\$678 thousand and decreased/increased by NT\$589 thousand, respectively.

c) Other price risks

The Group was exposed to the equity price risk through its investments in domestic listed shares, domestic unlisted shares, mutual funds and other equity securities investments. The Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to securities price risk at the end of the reporting period. As such, the Group's money market funds recognized under financial assets at FVTPL were not included in the analysis because their price fluctuation risk is extremely low.

If marketable securities price had increased/decreased by 5%, the pre-tax profit for the six months ended June 30, 2021 and 2020 would have increased/decreased by NT\$7,255 thousand and NT\$2,268 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 six months ended June 30, 2021 and 2020 would have increased/decreased by NT\$7,312 thousand and NT\$7,030 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations and result in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and
- b) The maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Group adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The counterparties of the Group's trade receivable included numerous clients distributed over a variety of areas and were not centered on a single client or location. Furthermore,

the Group continuously assesses the financial condition of its clients, and then the Group's credit risk was limited. As of the end of the reporting period, the Group's largest exposure to credit risk is approximately that of the carrying amounts of its financial assets.

3) Liquidity risk

The Group managers maintain working capital and mitigate liquidity risk by maintaining a level of cash and cash equivalents and financing facilities deemed adequate.

a) Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

June 30, 2021

| | Weighted Average Interest Rate (%) | On Demand or Less than 1 Year | 1-5 Years | Over 5 Years |
|---|--|-------------------------------------|-------------------|------------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| Non-interest bearing liabilities | | \$2,692,490 | \$ - | \$ - |
| Lease liabilities | 0.82%-1.04% | 36,202 | 70,144 | 66,551 |
| Floating interest rate liabilities | 0.82% | 412 | 50,515 | - |
| Fixed interest rate liabilities | 0.80% | 280,362 | - | - |
| | | <u>\$3,009,466</u> | <u>\$ 120,659</u> | <u>\$ 66,651</u> |

Additional information about the maturity analysis for lease liabilities:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years |
|-------------------|------------------|------------------|------------------|---------------|
| Lease liabilities | <u>\$ 36,202</u> | <u>\$ 70,144</u> | <u>\$ 66,207</u> | <u>\$ 344</u> |

December 31, 2020

| | Weighted Average Interest Rate (%) | On Demand or Less than 1 Year | 1-5 Years | Over 5 Years |
|---|--|-------------------------------------|-------------------|------------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| Non-interest bearing liabilities | | \$1,330,612 | \$ - | \$ - |
| Lease liabilities | 0.82%-1.04% | 36,389 | 80,953 | 73,891 |
| Floating interest rate liabilities | 0.82% | <u>412</u> | <u>50,721</u> | <u>-</u> |
| | | <u>\$1,367,413</u> | <u>\$ 131,674</u> | <u>\$ 73,891</u> |

Additional information about the maturity analysis for lease liabilities:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years |
|-------------------|------------------|------------------|------------------|---------------|
| Lease liabilities | <u>\$ 36,389</u> | <u>\$ 80,953</u> | <u>\$ 73,410</u> | <u>\$ 481</u> |

June 30, 2020

| | Weighted Average Interest Rate (%) | On Demand or Less than 1 Year | 1-5 Years | Over 5 Years |
|---|--|-------------------------------------|-------------------|------------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| Non-interest bearing liabilities | | \$1,249,488 | \$ - | \$ - |
| Lease liabilities | 1.04% | 36,299 | 91,822 | 81,233 |
| Floating interest rate liabilities | 0.94% | 4,697 | 503,523 | - |
| Fixed interest rate liabilities | 0.87% | <u>266,163</u> | <u>-</u> | <u>-</u> |
| | | <u>\$1,556,647</u> | <u>\$ 595,345</u> | <u>\$ 81,233</u> |

Additional information about the maturity analysis for lease liabilities:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years |
|-------------------|------------------|------------------|------------------|-----------------|
| Lease liabilities | <u>\$ 36,299</u> | <u>\$ 91,822</u> | <u>\$ 73,410</u> | <u>\$ 7,823</u> |

b) Financing facilities

The Group relies on bank loans as a significant source of liquidity. As of the date of balance sheet, the unused amounts of bank loan facilities were as follows:

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|----------------------|---------------------|---------------------|---------------------|
| Bank loan facilities | | | |
| — Amount unused | <u>\$ 6,140,040</u> | <u>\$ 6,664,900</u> | <u>\$ 7,055,968</u> |

29. Transactions with Related Parties

As of June 30, 2021, December 31, 2020, and June 30, 2020, 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) Names of related parties and categories

| Name of Related Party | Related Party Category |
|--|---|
| USI Corporation ("USI") | Ultimate parent company |
| Union Polymer Int'l Investment Corp. ("UPIIC") | 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 ("SP") | Fellow subsidiary |
| Taiwan United Venture Management Corporation | Fellow subsidiary |
| Chong Loong Trading Co., Ltd. | Fellow subsidiary |
| Dynamic Ever Investments Limited | Fellow subsidiary |
| USIFE Investment Co., Ltd. | Fellow subsidiary |
| Taita Chemical (Zhong Shan) Co., Ltd. ("TTC (ZS)") | Subsidiary of investor with significant influence |
| APC Investment Corporation | Subsidiary of investor with significant influence |
| USI Educational Foundation ("USIF") | Related party in substance |

(2) Sales of goods

| Related Party Category | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|-----------------------------------|--|--|--|--|
| Investor of significant influence | \$ 926 | \$ 310 | \$ 1,259 | \$ 1,093 |
| Fellow subsidiary | - | 101 | 213 | 377 |
| | <u>\$ 926</u> | <u>\$ 411</u> | <u>\$ 1,472</u> | <u>\$ 1,470</u> |

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

(3) Purchase of goods

| Related Party Category/Name | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|-----------------------------|--|--|--|--|
| Fellow subsidiary | \$ 13,813 | \$ 5,190 | \$ 28,593 | \$ 10,385 |
| Ultimate parent company | | | | |
| USI | <u>197</u> | <u>-</u> | <u>202</u> | <u>53</u> |
| | <u>\$ 14,010</u> | <u>\$ 5,190</u> | <u>\$ 28,795</u> | <u>\$ 10,438</u> |

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

(4) Trade receivables

| Related Party Category | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|-----------------------------------|---------------|-------------------|---------------|
| Investor of significant influence | <u>\$ 421</u> | <u>\$ 511</u> | <u>\$ 325</u> |

The outstanding trade receivables from related parties were unsecured. No loss allowance was set aside for receivables from related parties for the six months ended June 30, 2021 and 2020.

(5) Trade payables to related parties

| Related Party Category/Name | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|-----------------------------|------------------|-------------------|------------------|
| Ultimate parent company | | | |
| USI | \$ 11,598 | \$ 95,761 | \$ 26,871 |
| Fellow subsidiary | <u>7,966</u> | <u>11,274</u> | <u>3,160</u> |
| | <u>\$ 19,564</u> | <u>\$ 107,035</u> | <u>\$ 30,031</u> |

TVCN appointed USI to import ethylene, and the trade payables to USI are to be paid off when USI makes a payment.

The outstanding trade payables to related parties were unsecured.

(6) Other receivables from related parties

| Related Party Category/Name | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|--|------------------|----------------------|------------------|
| Ultimate parent company | | | |
| USI | \$ 934 | \$ 783 | \$ 88,987 |
| Investor of significant influence | 747 | 1,964 | 1,090 |
| Associate | 79 | 4 | 3 |
| Fellow subsidiary | 28 | 59 | 49 |
| Subsidiary of investor with significant influence | <u>1</u> | <u>1</u> | <u>1</u> |
| | <u>\$ 1,789</u> | <u>\$ 2,811</u> | <u>\$ 90,130</u> |

Other receivables from the ultimate parent company as of June 30, 2020 were mainly due from lending of raw materials.

(7) Other payables to related parties

| Related Party Category/Name | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|--|-------------------|----------------------|-------------------|
| Parent company | | | |
| UPIIC | \$ 248,707 | \$ - | \$ 65,796 |
| Investor of significant influence | 101,195 | 236 | 26,765 |
| Associate | 9,989 | 8,440 | 6,726 |
| Ultimate parent company | | | |
| USI | 2,610 | 4,567 | 2,784 |
| Fellow subsidiary | 1,170 | 210 | 340 |
| Subsidiary of investor with significant influence | <u>196</u> | <u>18</u> | <u>21</u> |
| | <u>\$ 363,867</u> | <u>\$ 13,471</u> | <u>\$ 102,432</u> |

Other payables to related parties of the parent company and the investors with significant influence as of June 30, 2021 and 2020 were mainly cash dividend payables.

(8) Acquisitions of property, plant and equipment

| <u>Related Party Category/Name</u> | <u>Purchase Price</u> | |
|------------------------------------|---|---|
| | <u>For the Six Months Ended June 30, 2021</u> | <u>For the Six Months Ended June 30, 2020</u> |
| Ultimate parent company | | |
| USI | <u>\$ 908</u> | <u>\$ -</u> |

(9) Lease arrangements

| <u>Related Party Category/Name</u> | <u>June 30, 2021</u> | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|------------------------------------|--------------------------|------------------------------|--------------------------|
| <u>Lease liabilities</u> | | | |
| Investor of significant influence | | | |
| APC | \$ 130,273 | \$ 136,780 | \$ 143,253 |
| TTC | 16,845 | 21,560 | 26,252 |
| Associate | | | |
| CGTD | <u>11,735</u> | <u>15,607</u> | <u>19,458</u> |
| | <u>\$ 158,853</u> | <u>\$ 173,947</u> | <u>\$ 188,963</u> |

| <u>Related Party Category/Name</u> | <u>For the Three Months Ended June 30, 2021</u> | <u>For the Three Months Ended June 30, 2020</u> | <u>For the Six Months Ended June 30, 2021</u> | <u>For the Six Months Ended June 30, 2020</u> |
|--|---|---|---|---|
| <u>Interest expense</u> | | | | |
| Investor of significant influence | | | | |
| APC | \$ 344 | \$ 378 | \$ 696 | \$ 764 |
| TTC | 48 | 72 | 102 | 150 |
| Associate | | | | |
| CGTD | <u>34</u> | <u>54</u> | <u>73</u> | <u>113</u> |
| | <u>\$ 426</u> | <u>\$ 504</u> | <u>\$ 871</u> | <u>\$ 1,027</u> |
| <u>Lease expenses</u> | | | | |
| Ultimate parent company | | | | |
| USI | \$ 1,704 | \$ 1,974 | \$ 3,399 | \$ 3,947 |
| Investor of significant influence | <u>601</u> | <u>729</u> | <u>1,219</u> | <u>1,568</u> |
| | <u>\$ 2,305</u> | <u>\$ 2,703</u> | <u>\$ 4,618</u> | <u>\$ 5,515</u> |

The Company leases offices in Neihu from USI and APC. The rentals are paid on a monthly basis.

The factory belonging to the Company's subsidiaries located on the land in Linyuan was rented from APC. The original lease term expired in December 2011. However, if neither counterparties argued, the lease term would automatically extend for another year.

The Company's subsidiaries leased storage tanks for vinyl chloride monomer from TTC. The original lease term expired in December 2010 and was renewed at both parties' discretion.

The Company's subsidiary leased land for their warehouses from APC. The lease term will expire in May 2026. The lease contract is renewable, and the rental is paid on a monthly basis.

(10) Storage tank operating expenses

| Related Party Category/Name | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|--------------------------------|--|--|--|--|
| Associate | | | | |
| CGTD | <u>\$ 17,776</u> | <u>\$ 10,091</u> | <u>\$ 39,519</u> | <u>\$ 38,520</u> |

The Company's subsidiaries appointed CGTD to handle the storage tank used to transport, store and load vinyl chloride monomer, ethylene and dichloroethane. The storage tank operating expenses are due by the end of next month.

(11) Management service revenue

| Related Party Category/Name | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|--------------------------------------|--|--|--|--|
| Ultimate parent company | | | | |
| USI | \$ 835 | \$ 810 | \$ 1,669 | \$ 1,620 |
| Investor of significant influence | <u>37</u> | <u>-</u> | <u>37</u> | <u>-</u> |
| | <u>\$ 872</u> | <u>\$ 810</u> | <u>\$ 1,706</u> | <u>\$ 1,620</u> |

(12) Management service expenses

| Related Party Category/Name | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|-----------------------------|--|--|--|--|
| Fellow subsidiary | | | | |
| UM | \$ 17,954 | \$ 17,601 | \$ 38,384 | \$ 38,317 |
| Others | - | - | - | 29 |
| Ultimate parent company | | | | |
| USI | <u>965</u> | <u>943</u> | <u>1,930</u> | <u>1,877</u> |
| | <u>\$ 18,919</u> | <u>\$ 18,544</u> | <u>\$ 40,314</u> | <u>\$ 40,223</u> |

UM and USI 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 | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|-----------------------------|--|--|--|--|
| Related party in substance | | | | |
| USI Education Foundation | <u>\$ -</u> | <u>\$ 1,000</u> | <u>\$ 4,000</u> | <u>\$ 1,250</u> |

(14) Rental income

| Related Party Category | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|---|--|--|--|--|
| Fellow subsidiary | \$ 848 | \$ 845 | \$ 1,692 | \$ 1,690 |
| Subsidiary of the investor with significant influence | 267 | - | 536 | - |
| Investor of significant influence | <u>67</u> | <u>67</u> | <u>133</u> | <u>133</u> |
| | <u>\$ 1,182</u> | <u>\$ 912</u> | <u>\$ 2,361</u> | <u>\$ 1,823</u> |

USIO signed a factory lease contract with the Company with a lease term until April 15, 2022. 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 | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|--------------------------------------|--|--|--|--|
| Investor of significant influence | \$ 356 | \$ 247 | \$ 655 | \$ 614 |

(16) Compensation of key management personnel

The compensation of directors and key executives for the three months and six months ended June 30, 2021 and 2020 were as follows:

| | For the Three Months Ended June 30, 2021 | For the Three Months Ended June 30, 2020 | For the Six Months Ended June 30, 2021 | For the Six Months Ended June 30, 2020 |
|--------------------------|--|--|--|--|
| Salaries and others | \$ 5,047 | \$ 4,314 | \$ 9,333 | \$ 7,973 |
| Post-employment benefits | 54 | 76 | 108 | 152 |
| | <u>\$ 5,101</u> | <u>\$ 4,390</u> | <u>\$ 9,441</u> | <u>\$ 8,125</u> |

The compensation of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

30. Assets Pledged as Collateral or for Security

The following assets were provided either as collateral for bank borrowings or as performance guarantee for the tariffs of imported raw materials and use of fuel:

| | June 30, 2021 | December 31, 2020 | June 30, 2020 |
|--|-------------------|----------------------|---------------------|
| Pledge deposits (classified as financial assets at amortized cost or other non-current assets) | \$ 288,724 | \$ 288,558 | \$ 288,475 |
| Property, plant and equipment | | | |
| Land | - | - | 1,650,957 |
| Building and improvements - net | - | - | 472,422 |
| Machinery and equipment, net | - | - | 473,453 |
| | <u>\$ 288,724</u> | <u>\$ 288,558</u> | <u>\$ 2,885,307</u> |

The Company pledged land and plants as collateral against a medium-and long-term secured loan contract with a revolving credit limit of \$1,000,000 thousand signed with a bank to enrich working capital. Any drawdown within the limit can be made during the life of the contract. However, the Company had canceled the financing facility and removed the liens on the land and plants in November 2020.

The Company's subsidiary, CGPCPOL, pledged its land, plants, machinery and equipment as collateral against a medium- and long-term credit contract with a bank. However, CGPCPOL had canceled the financing facilities and removed the liens placed on its land, plants, and machinery and equipment in November 2020.

31. 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 June 30, 2021, December 31, 2020, and June 30, 2020, the Group's unused letters of credit amounted to NT\$1,468,232 thousand, NT\$623,494 thousand and NT\$289,399 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 second instance and judgment was pronounced on April 24, 2020, and all three employees of were innocent. The case was appealed by Taiwan High Prosecutors Office, Kaohsiung Branch to the Supreme Court.

CGTD reached an agreement with Kaohsiung City Government on February 12, 2015 and pledged a term deposit NT\$227,478 thousand (including interests) 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 Company, CGTD, and CPC Corporation, Taiwan. Taiwan Power Company applied for provisional attachment against CGTD's property on August 27 and November 26, 2015. CGTD had deposited cash of NT\$ 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 NT\$12,562 thousand as of July 30, 2021.

For the deceased, CGTD, LCY and Kaohsiung City Government signed a tripartite agreement on July 17, 2015 agreeing to negotiate the compensation first with the 32 deceased's successors and persons entitled to the claims ("family of the deceased"). Each family was entitled to NT\$12,000 thousand and the total compensation was NT\$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 deceased.

For the severely injured, CGTD, LCY and the Kaohsiung City Government signed a tripartite agreement for severe injuries on October 25, 2017 agreeing to negotiate the compensation first with the 65 severely 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 severe injuries in the incident. It has signed settlement agreements with 64 of the victims.

As of July 30, 2021, victims and their families have filed civil (including supplementary civil action) lawsuits against LCY Chemical Corp., CGTD and CPC for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim of NT\$46,677 thousand, and the amount of the settlement was NT\$4,519 thousand. Along with the case still under litigation and the above-mentioned compensation, the accumulated amount of compensation is NT\$3,856,447 thousand. The first-instance judgments of some of the above-mentioned civil cases (with a total amount of compensation of approximately \$1,341,128 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 NT\$401,979 thousand. (In particular, CGTD was exempted to pay NT\$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. CGTD has signed a claim settlement agreement with the insurance company in accordance with the proportion of fault liability determined in the first-instance judgment to estimate the amount of settlement for victims and seriously injured and the civil litigation compensation amount (including settled cases). The maximum amount of the insurance compensation was deducted to calculate the amount payable by CGTD and the NT\$136,375 thousand has been included in the estimate on the account. However, the actual settlement and compensation amount described above can only be verified after the proportion of fault liability is determined in the civil judgments.

- (3) TVCM signed a 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.

32. 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

June 30, 2021

| | Foreign Currencies | Exchange Rate (In Single Dollars) | Functional Currencies | NT\$ |
|-------------------------------------|-----------------------|--------------------------------------|--------------------------|-------------|
| <u>Foreign currency assets</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD | \$ 75,411 | 27.860 (USD:NTD) | \$2,100,960 | \$2,100,960 |
| AUD | 722 | 20.940 (AUD:NTD) | 15,121 | 15,121 |
| EUR | 426 | 33.150 (EUR:NTD) | 14,113 | 14,113 |
| USD | 293 | 6.4601 (USD:CNY) | 1,890 | 8,150 |
| GBP | 83 | 38.540 (GBP:NTD) | 3,188 | 3,188 |
| <u>Foreign currency liabilities</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD | 15,403 | 27.860 (USD:NTD) | 429,127 | 429,127 |
| GBP | 39 | 38.540 (GBP:NTD) | 1,486 | 1,486 |

December 31, 2020

| | Foreign Currencies | Exchange Rate (In Single Dollars) | Functional Currencies | NT\$ |
|-------------------------------------|-----------------------|--------------------------------------|--------------------------|-------------|
| <u>Foreign currency assets</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD | \$ 62,580 | 28.480 (USD: NTD) | \$1,782,265 | \$1,782,265 |
| AUD | 853 | 21.950 (AUD:NTD) | 18,716 | 18,716 |
| EUR | 392 | 35.020 (EUR:NTD) | 13,731 | 13,731 |
| USD | 293 | 6.5249 (USD:CNY) | 1,909 | 8,331 |
| GBP | 73 | 38.900 (GBP:NTD) | 2,834 | 2,834 |
| <u>Foreign currency liabilities</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD | 11,970 | 28.480 (USD: NTD) | 340,904 | 340,904 |
| GBP | 67 | 38.900 (GBP:NTD) | 2,623 | 2,623 |

June 30, 2020

| | Foreign Currencies | Exchange Rate (In Single Dollars) | Functional Currencies | NT\$ |
|-------------------------------------|-----------------------|--------------------------------------|--------------------------|------------|
| <u>Foreign currency assets</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD | \$ 33,089 | 29.630 (USD:NTD) | \$ 980,429 | \$ 980,429 |
| AUD | 559 | 20.335 (AUD:NTD) | 11,362 | 11,362 |
| USD | 292 | 7.0795 (USD:CNY) | 2,071 | 8,667 |
| EUR | 203 | 33.270 (EUR:NTD) | 6,763 | 6,763 |
| GBP | 179 | 36.430 (GBP:NTD) | 6,507 | 6,507 |
| <u>Foreign currency liabilities</u> | | | | |
| <u>Monetary items</u> | | | | |
| USD | 5,121 | 29.630 (USD:NTD) | 151,723 | 151,723 |

For the three months ended June 30, 2021 and 2020 and for the six months ended June 30, 2021 and 2020, net foreign exchange gains (losses) were NT\$(38,394) thousand, NT\$(14,105) thousand, NT\$(46,136) thousand, and NT\$2,474 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.

33. Supplementary Disclosures

(1) Information on Significant Transactions

- 1) Financing provided to others: None;
- 2) Endorsements/guarantees provided: See Table 1 attached;
- 3) Marketable securities held: See Table 2 attached;
- 4) Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: See Table 3 attached;
- 5) Acquisitions of individual real estate at costs of at least \$300 million or 20% of the paid-in capital: None;
- 6) Disposals of individual real estate at prices of at least \$300 million or 20% of the paid-in capital: None;
- 7) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital: See Table 4 attached;
- 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: See Table 5 attached;
- 9) Trading in derivative instruments: See Note 7; and,

- 10) Intercompany relationships and significant intercompany transactions: See Table 6 attached.
- 11) Information on investee companies: See Table 7 attached.
- (2) Information on Reinvestment: see Table 7 attached.
- (3) Information on Investments in Mainland China
- 1) Information on 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: See Table 8.
- 2) The following information on the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
- b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
- c) The amount of property transactions and the amount of the resultant gains or losses.
- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
- e) The highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- (4) Information of major shareholders: List of all shareholders with ownership of 5% or greater showing the names and the number shares and percentage of ownership held by each shareholder: See Table 9 attached.

34. 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 reporting segments, including departments of VCM products and PVC products, under IFRS 8 "Operating Segments" were as follows:

Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

For the Six Months Ended June 30, 2021

| | <u>VCM products</u> | <u>PVC products</u> | <u>Total</u> |
|---|---------------------|---------------------|----------------------|
| Revenue from external customers | \$ 189,346 | \$ 9,365,227 | \$ 9,554,573 |
| Inter-segment revenue | <u>6,343,441</u> | <u>371,744</u> | <u>6,715,185</u> |
| Segment revenue | <u>\$ 6,532,787</u> | <u>\$ 9,736,971</u> | 16,269,758 |
| Eliminations | | | (<u>6,715,185</u>) |
| Consolidated revenue | | | <u>\$ 9,554,573</u> |
| Segment income | <u>\$ 31,677</u> | <u>\$ 1,904,405</u> | \$ 1,936,082 |
| Interest income | | | 1,573 |
| Other income | | | 31,831 |
| Other gain and loss | | | (119,881) |
| Interest expense | | | (1,324) |
| Share of profit of associates accounted for using the equity method | | | <u>9,275</u> |
| Profit before income tax | | | <u>\$ 1,857,556</u> |

For the Six Months Ended June 30, 2020

| | <u>VCM products</u> | <u>PVC products</u> | <u>Total</u> |
|---|---------------------|---------------------|----------------------|
| Revenue from external customers | \$ 189,079 | \$ 5,689,191 | \$ 5,878,270 |
| Inter-segment revenue | <u>3,276,647</u> | <u>205,161</u> | <u>3,481,808</u> |
| Segment revenue | <u>\$ 3,465,726</u> | <u>\$ 5,894,352</u> | 9,360,078 |
| Eliminations | | | (<u>3,481,808</u>) |
| Consolidated revenue | | | <u>\$ 5,878,270</u> |
| Segment income | <u>\$ 14,372</u> | <u>\$ 303,099</u> | \$ 317,471 |
| Interest income | | | 3,076 |
| Other income | | | 26,367 |
| Other gain and loss | | | (9,158) |
| Interest expense | | | (4,657) |
| Share of profit of associates accounted for using the equity method | | | <u>15,382</u> |
| Profit before income tax | | | <u>\$ 348,481</u> |

Segment profit represented the profit before tax earned by each segment without the share of profit (loss) of associates, interest income, rental income, gain (loss) on disposal of property, plant and equipment, foreign exchange gains (losses), gain (loss) arising from the valuation of financial instruments, and financing costs. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. Since the Group's individual segment assets and liabilities were not included in the segment information provided to the chief operating decision-maker, the measured amount of operating segment assets and liabilities was not disclosed herein.

China General Plastics Corporation and Subsidiaries
Endorsements/Guarantees Provided
For the six months ended June 30, 2021

Table 1

Unit: NT\$ thousands

| Number | Endorser/ Guarantor | Endorsee/Guarantee | | Limits on Endorsement/ Guarantee Made for Each Party (Note 2) | Maximum Amount Endorsed/ Guaranteed During the Period | Outstanding Endorsement/ Guarantee at the End of the Period | Actual Borrowing Amount | Amount Endorsed/ Guaranteed by Collateral | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) (Note 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 | \$6,073,054 | \$ 2,450,000 | \$ 1,850,000 | \$ 13,930 | None | 18.28% | \$ 10,121,757 | Yes | No | No |

Note 1: The ratio is calculated using the ending balance of equity of the Company as of June 30, 2021.

Note 2: The total amount of guarantee that may be provided by the Company shall not exceed 100% of the Company's net worth stated on the latest financial statements; the total amount of guarantee provided by the Company to any single entity shall not exceed 60% of the Company's net worth stated on the latest financial statements.

China General Plastics Corporation and Subsidiaries
Marketable Securities Held
June 30, 2021

Table 2

Unit: NT\$ thousands

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | June 30, 2021 | | | | Note |
|------------------------------------|---|---|--|---------------|-----------------|-----------------------------|------------|----------|
| | | | | Unit / Share | Carrying Amount | Percentage of Ownership (%) | Fair value | |
| China General Plastics Corporation | <u>Beneficiary securities</u> | | | | | | | |
| | Cathay No. 1 Real Estate Investment Trust | - | Financial assets at FVTPL - current | 2,668,000 | \$48,051 | - | \$48,051 | (Note 1) |
| | <u>Mutual Funds</u> | | | | | | | |
| | FSITC Money Market Fund | - | Financial assets at FVTPL - current | 833,082 | 150,001 | - | 150,001 | (Note 1) |
| | <u>Ordinary shares</u> | | | | | | | |
| | China Steel Corporation | - | Financial assets at FVTPL - current | 650,000 | 25,740 | - | 25,740 | (Note 1) |
| | Taiwan Cement Corporation | - | Financial assets at FVTPL - current | 400,000 | 20,400 | - | 20,400 | (Note 1) |
| | Asia Cement Corporation | - | Financial assets at FVTPL - current | 400,000 | 20,280 | - | 20,280 | (Note 1) |
| | Quanta Computer Incorporated | - | Financial assets at FVTPL - current | 200,000 | 17,500 | - | 17,500 | (Note 1) |
| Taiwan VCM Corporation | Tungho Steel Corporation | - | Financial assets at FVTPL - current | 250,000 | 13,125 | - | 13,125 | (Note 1) |
| | KHL IB Venture Capital Co., Ltd. | - | Financial assets at FVTOCI - non-current | 5,239,447 | 141,779 | 5.95% | 141,779 | (Note 1) |
| | <u>Mutual Funds</u> | | | | | | | |
| | FSITC Taiwan Money Market Fund | - | Financial assets at FVTPL - current | 3,882,415 | 60,000 | - | 60,000 | (Note 1) |
| CGPC Polymer Corporation | <u>Ordinary shares</u> | | | | | | | |
| | Asia Polymer Corporation | The major shareholders are the same as the those of the Company | Financial assets at FVTOCI - non-current | 127,691 | 4,470 | 0.02% | 4,470 | (Note 1) |
| | <u>Mutual Funds</u> | | | | | | | |
| | FSITC Taiwan Money Market Fund | - | Financial assets at FVTPL - current | 19,034,486 | 294,166 | - | 294,166 | (Note 1) |
| | FSITC Money Market Fund | - | Financial assets at FVTPL - current | 1,139,072 | 205,097 | - | 205,097 | (Note 1) |
| | Capital Money Market Fund | - | Financial assets at FVTPL - current | 8,916,527 | 145,182 | - | 145,182 | (Note 1) |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | June 30, 2021 | | | | Note |
|------------------------------|--|---------------------------------------|---|---------------|-----------------|-----------------------------|------------|---------------------|
| | | | | Unit / Share | Carrying Amount | Percentage of Ownership (%) | Fair value | |
| CGPC Polymer Corporation | Taishin Ta-Chong Money Market Fund | - | Financial assets at FVTPL - current | 5,723,376 | \$82,053 | - | \$82,053 | (Note 1) |
| | Prudential Financial Money Market Fund | - | Financial assets at FVTPL - current | 4,384,646 | 70,046 | - | 70,046 | (Note 1) |
| | Hua Nan Kirin Money Market Fund | - | Financial assets at FVTPL - current | 5,796,909 | 70,012 | - | 70,012 | (Note 1) |
| | Cathay Taiwan Money Market Fund | - | Financial assets at FVTPL - current | 3,986,923 | 50,027 | - | 50,027 | (Note 1) |
| | Shin Kong Chi-Shin Money-market Fund | - | Financial assets at FVTPL - current | 2,625,640 | 41,022 | - | 41,022 | (Note 1) |
| CGPC (BVI) Holding Co., Ltd. | <u>Ordinary shares</u> | | | | | | | |
| | Teratech Corporation | - | Financial assets at FVTPL - non-current | 112,000 | - | 0.67% | - | (Notes 1 and 3) |
| | SOHOWare, Inc - preferred shares | - | Financial assets at FVTPL - non-current | 100,000 | - | - | - | (Notes 1, 2, and 3) |

(Concluded)

Note 1: The marketable securities were not pledged as guarantees or collateral for borrowings and are not subject to restrictions.

Note 2: The preferred shares are not used in the calculation of the shareholding ratio and net worth.

Note 3: As of June 30, 2021, 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 Or Prices Of At Least NT\$300 Million Or 20% Of The Paid-in Capital
For the six months ended June 30, 2021

Table 3

Unit: NT\$ thousands

| Buyer/Seller | Type and Name of 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 | <u>Mutual Funds</u> Taishin Ta-Chong Money Market Fund | Financial assets at FVTPL - current | - | - | 4,190,295 | \$60,000 | 23,031,213 | \$330,000 | 27,221,508 | \$390,042 | \$390,000 | \$42 | - | \$ - |
| Taiwan VCM Corporation | <u>Mutual Funds</u> FSITC Taiwan Money Market Fund | Financial assets at FVTPL - current | - | - | 3,240,147 | 50,000 | 25,887,463 | 400,000 | 25,245,195 | 390,072 | 390,000 | 72 | 3,882,415 | 60,000 |
| | Taishin Ta-Chong Money Market Fund | Financial assets at FVTPL - current | - | - | 6,983,874 | 100,000 | 22,338,288 | 320,000 | 29,322,162 | 420,059 | 420,000 | 59 | - | - |
| CGPC Polymer Corporation | <u>Mutual Funds</u> Hua Nan Kirin Money Market Fund | Financial assets at FVTPL - current | - | - | 3,315,451 | 40,000 | 36,778,382 | 444,000 | 34,296,924 | 414,044 | 414,000 | 44 | 5,796,909 | 70,000 |
| | Taiwan Cooperative Bank Money Market Fund | Financial assets at FVTPL - current | - | - | - | - | 32,710,950 | 335,000 | 32,710,950 | 335,035 | 335,000 | 35 | - | - |

Note: The ending amount denote 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 six months ended June 30, 2021

Table 4

Unit: NT\$ thousands

| Buyer/Seller | Counterparty | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Trade Receivables (Payables) | |
|------------------------------------|------------------------------------|-------------------|---------------------|---------------|--------------------------------|---------------|----------------------|---------------------|---|--|
| | | | Purchase /Sales | Amount (Note) | Ratio to Total Purchase /Sales | Payment Terms | Unit Price | Payment Terms | Financial Statement Account and Ending Balance (Note) | Ratio to Total Notes or Trade Receivable (payable) |
| China General Plastics Corporation | Taiwan VCM Corporation | Subsidiary | Purchases | \$ 3,281,441 | 78% | 45 days | No major difference | No major difference | Trade payables to related parties (\$1,017,129) | (78%) |
| | CGPC America Corporation | Subsidiary | Sale | (335,736) | (6%) | 90 days | No major difference | No major difference | Trade receivables from related parties 191,107 | 13% |
| Taiwan VCM Corporation | China General Plastics Corporation | Parent company | Sale | (3,281,441) | (50%) | 45 days | No major difference | No major difference | Trade receivables from related parties 1,017,129 | 38% |
| | CGPC Polymer Corporation | Fellow subsidiary | Sale | (3,061,898) | (47%) | 75 days | No major difference | No major difference | Trade receivables from related parties 1,571,100 | 59% |
| CGPC Polymer Corporation | Taiwan VCM Corporation | Fellow subsidiary | Purchases | 3,061,898 | 97% | 75 days | No major difference | No major difference | Trade payables to related parties (1,571,100) | (98%) |
| CGPC America Corporation | China General Plastics Corporation | Parent company | Purchases | 335,736 | 90% | 90 days | No major difference | No major difference | Trade payables to related parties (191,107) | (98%) |

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
June 30, 2021

Table 5

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 from related parties | \$ 191,107 | 4.45 | \$- | - | \$66,172 | (Note 1) |
| | Taiwan VCM Corporation | Subsidiary | Other receivables from related parties | \$ 600,925 | - | - | - | 600,912 | (Note 1) |
| Taiwan VCM Corporation | CGPC Polymer Corporation | Subsidiary name | Other receivables from related parties | \$ 256,340 | - | - | - | 255,068 | (Note 1) |
| | China General Plastics Corporation | Parent company | Trade receivables from related parties | \$ 1,017,129 | 6.29 | - | - | 544,318 | (Note 1) |
| | CGPC Polymer Corporation | Fellow subsidiary | Trade receivables from related parties | \$ 1,571,100 | 4.07 | - | - | 634,520 | (Note 1) |

Note 1: There is no allowance of loss after an impairment assessment.

Note 2: The subsequent period is between July 1 and July 29, 2021.

Note 3: All the transactions were written off when preparing the consolidated financial statements.

China General Plastics Corporation and Subsidiaries
Intercompany Relationships and Significant Intercompany Transactions
For the six months ended June 30, 2021

Table 6

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 | Other receivables from related parties | \$600,925 | No major difference | 4% |
| | | | 1 | Trade payables to related parties | 1,017,129 | No major difference | 6% |
| | | | 1 | Purchases | 3,281,441 | No major difference | 34% |
| | | CGPC America Corporation | 1 | Trade receivables from related parties | 191,107 | No major difference | 1% |
| | | | 1 | Sales revenue | 335,736 | No major difference | 4% |
| | | CGPC Polymer Corporation | 1 | Other receivables from related parties | 256,340 | No major difference | 2% |
| | | | 1 | Trade payables to related parties | 10,581 | No major difference | - |
| | | | 1 | Purchases | 35,839 | No major difference | - |
| 1 | CGPC Polymer Corporation | Taiwan VCM Corporation | 3 | Trade payables to related parties | 1,571,100 | No major difference | 10% |
| | | | 3 | Other payables to related parties | 18,976 | No major difference | - |
| | | | 3 | Purchases | 3,061,898 | No major difference | 32% |
| | | | 3 | Rental income | 876 | No major difference | - |

Note 1: The information correlation between the numeral and the entity are stated as follows:

1. The parent company: 0.
2. The subsidiaries: 1 onward.

Note 2: The direction of the investment is as follows:

1. The parent company to its subsidiary.
2. The subsidiary to the parent company.
3. Between subsidiaries.

Note 3: The ratio of transactions related to total sales revenue or assets is calculated as follows:

- a. Assets or liabilities: The ratio was calculated based on the ending balance of total consolidated assets; and
- b. Income or loss: The ratio was calculated based on the midterm accumulated amount of total consolidated sales revenue.

China General Plastics Corporation and Subsidiaries
Information on Investees
For the six months ended June 30, 2021

Table 7

Unit: NT\$ thousands

| Investor Company | Investee Company | Location | Business Content | Original Investment Amount | | As of June 30, 2021 | | | Net Income of Investee | Share of Profit | Note |
|------------------------------------|---|--|---|----------------------------|-------------------|---------------------|---------|-----------------|------------------------|-----------------|---|
| | | | | June 30, 2021 | December 31, 2020 | 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 | \$ 2,933,647 | \$2,930,995 | 240,361,992 | 87.27% | \$4,092,748 | \$836,292 | \$668,856 | Subsidiary |
| | CGPC Polymer Corporation | 12th Floor, No. 37, Jihu Road, Taipei City, Taiwan, R.O.C. | Manufacturing and marketing of PVC resins | 800,000 | 800,000 | 80,000,000 | 100.00% | 1,267,739 | 344,972 | 344,972 | Subsidiary |
| | CGPC (BVI) Holding Co., Ltd. | Citco Building, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands | Reinvestment | 1,073,906 | 1,073,906 | 16,308,258 | 100.00% | 348,007 | 1,003 | 1,003 | 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 | 19,918,185 | 33.33% | 360,937 | 26,798 | 8,932 | Associate accounted for using the equity method |
| | CGPC America Corporation | 1181 California Ave., Suite 235 Corona, CA 92881, U.S.A. | Marketing of PVC film and leather products | 648,931 | 648,931 | 100 | 100.00% | 221,603 | 24,404 | 24,404 | Subsidiary |
| | Acme Electronics Corporation | 8F., No. 39, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.) | Manufacturing and marketing of Mn-Zn and Ni-Zn ferrite cores | 33,995 | 33,995 | 3,176,019 | 1.74% | 22,440 | 19,749 | 343 | Associate accounted for using the equity method |

Note 1: All the transactions were written off when preparing the consolidated financial statements.

China General Plastics Corporation and Subsidiaries
Information on Investments in Mainland China
For the six months ended June 30, 2021

Table 8

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

| Investee Company | Business Content | Paid-in Capital (Note 1) | Method of Investment | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021 (Note 1) | Investment Flows | | Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2021 (Note 1) | Net Income of Investee | Ownership Percentage of Direct or Indirect Investment | Investment Gain (Note 5) | Carrying Amount as of June 30, 2021 (Notes 1 and 5) | Accumulated Repatriation of Investment Income as of June 30, 2021 |
|---|---|------------------------------------|---|---|------------------|--------|--|----------------------------|---|-----------------------------|---|---|
| | | | | | Outflow | Inflow | | | | | | |
| Continental General Plastics (Zhong Shan) Co., Ltd. (“CGPC (ZS)”) (Note 4) | Manufacturing and marketing of PVC film and consumer products | \$557,200 (US\$20,000 thousand) | Investment through CGPC (BVI) Holding Co., Ltd. (“CGPC (BVI)”)) | \$557,200 (US\$20,000 thousand) | \$ - | \$ - | \$557,200 (US\$20,000 thousand) | \$920 (US\$32 thousand) | 100% | \$920 (US\$32 thousand) | \$264,079 (US\$9,479 thousand) | \$ - |
| CGPC Consumer Products Corporation (“CGPC (CP)”) (Note 4) | Manufacturing and marketing of PVC and consumer products | 41,790 (US\$1,500 thousand) | Investment through CGPC (BVI) Holding Co., Ltd. (“CGPC (BVI)”)) | 41,790 (US\$1,500 thousand) | - | - | 41,790 (US\$1,500 thousand) | 15 (US\$1 thousand) | 100% | 15 (US\$1 thousand) | 13,371 (US\$480 thousand) | - |

| Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2021 (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) |
|--|--|---|
| \$ 754,505 (US\$27,082 thousand) | \$ 874,804 (US\$ 31,400 thousand) | \$ - |

Note 1: The calculation was based on the spot exchange rate of June 30, 2021.

Note 2: As the Company has obtained the certificate of qualification for operating headquarters issued by the Industrial Development Bureau, MOEA No. 10920426850 on September 8, 2020, the upper limit on investment is not applicable.

Note 3: QuanZhou Continental General Plastics Co., Ltd. (“CGPC (QZ)”) and Union (Zhong Shan) Co., Ltd. (“Union (ZS)”) completed dissolution procedures, and CGPC (BVI) retrieved the residual assets. The shares of Continental General Plastics (San He) Co., Ltd. (“CGPC (SH)”) were fully sold, and CGPC (BVI) retrieved the residual assets. However, the amount of capital has not been wired back to Taiwan. The accumulated amount includes the investment amount of CGPC (QZ) of NT\$19,056 thousand (US\$684 thousand), the investment amount of Union (ZS) of NT\$25,018 thousand (US\$898 thousand), and the investment amount of CGPC (SH) of NT\$111,440 thousand (US\$4,000 thousand).

Note 4: The board of directors of the Company passed a resolution on 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. Please refer to Note 12.

Note 5: All the transactions were written off when preparing the consolidated financial statements; the investment income was calculated based on the financial statements not reviewed by an auditor. See Note 13.

China General Plastics Corporation and Subsidiaries
Information on Major Shareholders
June 30, 2021

Table 9

| Names of Major Shareholders | Shares | |
|--|------------------|-------------------------|
| | Number of Shares | Percentage of Ownership |
| Union Polymer International Investment Corporation | 138,170,701 | 24.97% |
| Asia Polymer Corporation | 44,653,510 | 8.07% |

Note 1: 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.