Stock Code: 1305

Notice to Readers:

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China General Plastics Corporation

Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditors' Report

Address: 12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)
Tel:(02)8751-6888

§Table of Contents§

Independent Auditors' Report

The Board of Directors and Shareholders
China General Plastics Corporation

Opinion

We have audited the accompanying financial statements of China General Plastics Corporation (the “Company”), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further describe in the Auditor’s Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("The Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Company for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the financial statements of the Company for the year ended December 31, 2021 are stated as follows:

<u>Authenticity of revenue recognition for sales to specific customers</u>

The Company's sales revenue of specific products increased significantly compared to the same period of last year. The growth of sales revenue from some customers was higher than the average growth rate and the amount was substantial, which had a significant impact on the sales revenue and financial results of the Company. Therefore, authenticity of revenue recognition for the sales to those customers is identified as one of the key audit matters for the year ended December 31, 2021.

Please refer to Notes 4 and 18 for relevant accounting policies and information in relation to revenue recognition.

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

1. We studied and tested the internal control mechanism to monitor authenticity of revenue recognition, and assessed the effectiveness of its design and implementation. We evaluated the appropriateness of revenue recognition accounting policies adopted by management.

2. We reviewed original orders, shipping documents, invoice and receipt documents to verify the authenticity of revenue recognition.
3. We inspected the occurrence of sales returns and allowances post sales, and sent letters to confirm whether there were any irregularities in accounts receivable at year-end.

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

To ensure that the financial statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for preparing and maintaining necessary internal control procedures pertaining to the financial statements.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and evaluate the risk of material misstatements due to fraud or error in the financial statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to operate as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall expression, structure and contents of the financial statements (including relevant Notes), and whether the financial statements fairly present relevant transactions and items.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit and for expressing an opinion on the financial statements of the Company.

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

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

From the matters communicated with those charged with governance, we determine the key audit matters of the Company's the financial statements for the year ended December 31, 2021. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche,

Taipei, Taiwan, Republic of China

CPA Huang, Hsiu-Chun

CPA Chiu, Cheng-Chun

Securities and Futures Commission
Approved Document No.
Tai Cai Zheng Liu Zi No. 0920123784

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

March 9, 2022

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China General Plastics Corporation

Balance Sheets

December 31, 2021 and 2020

Unit: NT$ thousand

CODE	ASSETS	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	$ 472,412	3	$ 245,740	2
1110	Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	289,388	2	362,101	3
1150	Notes receivables (Note 9)	195,162	2	162,639	1
1170	Trade receivables (Note 9)	1,008,006	7	1,044,989	8
1180	Trade receivables from related parties (Notes 9 and 24)	189,714	1	111,124	1
1200	Other receivables (Notes 9)	70,964	1	46,206	1
1210	Other receivables from related parties (Notes 9 and 24)	2,208	-	2,265	-
1220	Current tax assets (Notes 5 and 20)	-	-	15,941	-
1310	Inventories (Note 10)	1,363,980	9	626,446	5
1410	Prepayments	27,299	-	13,895	-
1470	Other current assets	761	-	1,176	-
11XX	Total current assets	3,619,894	25	2,632,522	21
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 8)	82,377	1	137,731	1
1550	Investments accounted for using the equity method (Notes 5 and 11)	7,051,879	48	6,096,700	48
1600	Property, plant and equipment (Note 12)	3,454,391	23	3,248,517	26
1760	Investment properties (Note 13)	257,019	2	271,158	2
1840	Deferred tax assets (Notes 5 and 20)	210,021	1	204,427	2
1990	Other non-current assets (Note 25)	10,209	-	11,212	-
15XX	Total non-current assets	11,065,896	75	9,969,745	79
1XXX	Total Assets	$ 14,685,790	100	$ 12,602,267	100
CODE	LIABILITIES AND EQUITY				
	Current Liabilities				
2120	Financial liabilities at fair value through profit or loss at FVTPL-current (Note 7)	$ -	-	$ 2,507	-
2170	Trade payables (Note 14)	211,195	1	256,825	2
2180	Trade payables to related parties (Notes 14 and 24)	1,509,369	10	1,100,365	9
2200	Other receivables (Note 15)	561,648	4	420,564	3
2220	Other payables to related parties (Note 24)	3,263	-	4,779	-
2230	Current tax liabilities (Notes 5 and 20)	161,641	1	48,917	1
2399	Other current liabilities (Note 18)	102,305	1	45,589	-
21XX	Total current liabilities	2,549,421	17	1,879,546	15
	Non-current liabilities				
2570	Deferred tax liabilities (Notes 5 and 20)	485,251	4	484,721	4
2640	Net defined benefit liabilities (Note 16)	481,726	3	530,197	4
2670	Other non-current liabilities	6,415	-	4,288	-
25XX	Total non-current liabilities	973,392	7	1,019,206	8
2XXX	Total Liabilities	3,522,813	24	2,898,752	23
	Equity (Notes 8, 11, 16 and 17)				
3110	Ordinary shares	5,810,505	40	5,533,814	44
3200	Capital surplus	12,002	-	10,338	-
	Retained earnings				
3310	Legal reserve	870,332	6	704,963	6
3320	Special reserve	408,223	3	408,223	3
3350	Unappropriated earnings	3,981,643	27	2,950,662	23
3300	Total retained earnings	5,260,198	36	4,063,848	32
3400	Other equity	80,272	-	95,515	1
3XXX	Total equity	11,162,977	76	9,703,515	77
	Total Liabilities and Equity	$ 14,685,790	100	$ 12,602,267	100

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

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China General Plastics Corporation

Statements of Comprehensive Income

For the Years Ended December 31, 2021 and 2020

Unit: NT$ thousand, except Earnings Per Share

CODE		2021 Amount	2021 %	2020 Amount	2020 %
4100	Net revenue (Notes 18 and 24)	$ 11,487,847	100	$ 8,268,069	100
5110	Cost of revenue (Notes 10, 19, and 24)	9,876,746	86	7,389,155	89
5900	Gross profit	1,611,101	14	878,914	11
5910	Realized (unrealized) gains from sales	(28,022)	-	681	-
5950	Realized gross profit	1,583,079	14	879,595	11
	Operating expenses (Notes 19 and 24)				
6100	Selling and marketing expenses	610,061	6	382,926	5
6200	General and administrative expenses	139,521	1	135,053	2
6300	Research and development expenses	31,954	-	31,014	-
6000	Total operating expenses	781,536	7	548,993	7
6900	Profit from Operations	801,543	7	330,602	4
	Non-operating income and expenses (Notes 5, 7, 11, 19 and 24)				
7100	Interest income	1,126	-	1,434	-
7010	Other income	53,569	-	27,917	-
7020	Other gain and loss	(45,829)	-	(33,826)	-
7510	Interest expense	(442)	-	(986)	-
7060	Share of profit of associates accounted for using the equity method	1,811,998	16	1,361,197	17
7000	Total non-operating income and expenses	1,820,422	16	1,355,736	17
7900	Profit before income tax	2,621,965	23	1,686,338	21
7950	Income tax expense (Notes 5 and 20)	153,289	2	52,154	1
8200	Net Profit for the Year	2,468,676	21	1,634,184	20
	Other comprehensive income (loss) (Notes 8, 11, 16, 17 and 20)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	4,532	-	17,376	-
8316	Unrealized gain (loss) on investments in equity instruments at FVTOCI	(44,905)	-	36,272	1
8326	Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method unrealized gain on investments in equity instruments at FVTOCI	38,864	-	35,473	-
8331	Share of other comprehensive income of subsidiaries and associates accounted for using the equity method- remeasurement of defined benefit plans	(3,175)	-	5,606	-
8349	Income tax relating to items that will not reclassified subsequently to profit or loss	(906)	-	(3,475)	-
8310		(5,590)	-	91,252	1
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	(11,080)	-	(12,122)	-
8371	Share of the other comprehensive gain (loss) of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations	(338)	-	203	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	2,216	-	2,423	-
8360		(9,202)	-	(9,496)	-
8300	Other comprehensive income (loss) for the year, net of income tax	(14,792)	-	81,756	1
8500	Total comprehensive income for the year	$ 2,453,884	21	$ 1,715,940	21
	Earnings per share (Note 21)				
9750	Basic	$ 4.25		$ 2.81	
9850	Diluted	$ 4.24		$ 2.81	

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

(Concluded)

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China General Plastics Corporation
Statements of Changes in Equity
For the Years Ended December 31, 2021 and 2020

Unit: NT$ thousand

CODE		Ordinary shares (Note 17)	Capital surplus (Note 17)			Retained earnings (Notes 16, 17 and 20)				Other equity (Notes 8, 11, 17 and 20)			Total equity
			Unpaid Dividends	Others	Total	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gain on financial assets at FVTOCI	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
	Appropriation and distribution of earnings for 2019												
B1	Legal reserve	-	-	-	-	64,393	-	(64,393)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	(263,515)	(263,515)	-	-	-	(263,515)
B9	Share dividends distributed by the Company	263,515	-	-	-	-	-	(263,515)	(263,515)	-	-	-	-
C17	Other changes in capital surplus	-	278	-	278	-	-	-	-	-	-	-	278
D1	Net profit in 2020	-	-	-	-	-	-	1,634,184	1,634,184	-	-	-	1,634,184
D3	Other comprehensive income (loss) in 2020, net of income tax	-	-	-	-	-	-	19,507	19,507	(9,496)	71,745	62,249	81,756
D5	Total comprehensive income (loss) in 2020	-	-	-	-	-	-	1,653,691	1,653,691	(9,496)	71,745	62,249	1,715,940
Z1	Balance as of December 31, 2020	5,533,814	10,024	314	10,338	704,963	408,223	2,950,662	4,063,848	(43,259)	138,774	95,515	9,703,515
	Appropriation and distribution of earnings for 2020												
B1	Legal reserve	-	-	-	-	165,369	-	(165,369)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	(996,086)	(996,086)	-	-	-	(996,086)
B9	Share dividends distributed by the Company	276,691	-	-	-	-	-	(276,691)	(276,691)	-	-	-	-
C17	Other changes in capital surplus	-	1,412	-	1,412	-	-	-	-	-	-	-	1,412
M5	Acquisition of part of the equity of subsidiaries	-	-	252	252	-	-	-	-	-	-	-	252
D1	Net profit in 2021	-	-	-	-	-	-	2,468,676	2,468,676	-	-	-	2,468,676
D3	Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	-	-	451	451	(9,202)	(6,041)	(15,243)	(14,792)
D5	Total comprehensive income (loss) in 2021	-	-	-	-	-	-	2,469,127	2,469,127	(9,202)	(6,041)	(15,243)	2,453,884
Z1	Balance as of December 31, 2021	$ 5,810,505	$ 11,436	$ 566	$ 12,002	$ 870,332	$ 408,223	$ 3,981,643	$ 5,260,198	($ 52,461)	$ 132,733	$ 80,272	$ 11,162,977

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China General Plastics Corporation

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

Unit: NT$ thousand

CODE		2021	2020
	Cash flows from operating activities		
A10000	Profit before income tax	$ 2,621,965	$ 1,686,338
A20010	Adjustments for:		
A20100	Depreciation expenses	225,571	209,482
A20200	Amortization expense	46	91
A20400	Net (gain) loss on financial instruments at FVTPL	(17,239)	68,860
A20900	Interest expense	442	986
A21200	Interest income	(1,126)	(1,434)
A21300	Dividend income	(34,216)	(9,192)
A22400	Share of profit of subsidiaries and associates accounted for using the equity method	(1,811,998)	(1,361,197)
A22500	Gains on disposal of property, plant and equipment	(2,663)	(2,027)
A23200	Loss from disposal of investments under equity method	-	173
A23700	Write-downs of inventories and obsolescence losses	15,598	3,798
A23900	Unrealized (Realized) gains from sales	28,022	(681)
A30000	Changes in operating assets and liabilities		
A31115	Financial Instruments at FVTPL	87,445	(36,869)
A31130	Notes receivable	(32,523)	(29,506)
A31150	Trade receivables	36,983	(415,227)
A31160	Trade receivables from related parties	(78,590)	(1,654)
A31180	Other receivables	(24,743)	(11,500)
A31190	Other receivables from related parties	57	33
A31200	Inventories	(753,132)	80,896
A31230	Prepayments	(13,404)	13,938
A31240	Other current assets	415	17
A32150	Trade payables	(45,630)	6,925
A32160	Trade payables to related parties	409,004	225,786
A32180	Other payables	87,110	125,368
A32190	Other payables to related parties	(1,516)	2,613
A32230	Other current liabilities	56,716	(20,415)
A32240	Net defined benefit liabilities	(43,939)	(37,311)
A33000	Cash generated from operations	708,655	498,291

(Continued)

CODE		2021	2020
A33100	Interest received	$ 1,111	$ 1,444
A33300	Interest paid	(442)	(986)
A33500	Income tax paid	(28,378)	(129)
AAAA	Net cash generated from operating activities	680,946	498,620
	Cash flows from investing activities		
B00030	Return of capital from financial assets at FVTOCI	10,449	16,423
B02400	Refund of shares from liquidation on investments accounted for using the equity method	-	1,274
B02700	Payments for property, plant and equipment	(362,945)	(392,253)
B02800	Proceeds from disposal of property, plant and equipment	2,977	2,952
B03700	Increase in refundable deposits	(43,515)	(39,029)
B03800	Decrease in refundable deposits	44,472	39,978
B07600	Dividends received	890,189	181,958
BBBB	Net cash generated from (used in) investing activities	541,627	(188,697)
	Cash flows from financing activities		
C03000	Increase in guarantee deposits received	2,395	461
C03100	Decrease in guarantee deposits received	(314)	(330)
C04400	Increase (decrease) in other non-current liabilities	46	(2)
C04500	Dividends paid	(995,375)	(261,146)
C05400	Acquisition of subsidiaries	(2,653)	-
CCCC	Net cash used in financing activities	(995,901)	(261,017)
EEEE	Net increase in cash and cash equivalents	226,672	48,906
E00100	Cash and cash equivalents at the beginning of the year	245,740	196,834
E00200	Cash and cash equivalents at the end of the year	$ 472,412	$ 245,740

(Concluded)

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

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China General Plastics Corporation

Notes to Financial Statements

For the Years Ended December 31, 2021 and 2020

(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 financial statements are presented in the New Taiwan dollar, the Company's functional currency.

2. Date and Procedures of Authorization of Financial Statements

The financial statements have been approved by the Board of Directors on March 9, 2022.

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 application of the latest Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC should not result in major changes in the accounting policies of the Company.

(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 financial statements were authorized for issue, the Company's assessment of the effects of amendments to other standards and interpretations should not cause material effects on the financial conditions and performance.

(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"	To be announced
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 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 financial statements were authorized for issue, the Company has continued to assess the effects of amendments to other standards and interpretations on its financial conditions and performance. Related impacts will be disclosed upon completion of the assessment.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

The 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, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the financial statements, the Company adopts the equity method for investments in subsidiaries, associates, or joint ventures. In order to align profit or loss, other comprehensive income, and equity from the current year in the financial statements with those attributable to the Company's owners, the differences in accounting treatment with individual and consolidated basis have led to adjustments in "investments accounted for using the equity method", "share of profit or loss of subsidiaries and associates accounted for using the equity method", "share of other comprehensive income of subsidiary and associates accounted for using the equity method" and related equity items.

(3) Standards for assets and liabilities classified as current and non-current

Current assets include:

1) Assets held primarily for trading purposes;

2) Assets expected to be realized within 12 months after the balance sheet date; and

3) Cash and cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1) Liabilities held primarily for trading purposes;

2) Liabilities with settlement within 12 months after the balance sheet date; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

All other assets or liabilities that are not specified above are classified as non-current.

(4) Foreign currencies

In the preparation of financial statements, transactions denominated in a currency other than the Company's functional currency (i.e., foreign currency) are translated into the Company's functional currency by using the exchange rate at the date of the transaction.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences arising from settlement or translation of monetary items are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss. For items whose changes in fair value are recognized in other comprehensive income, the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not re-translated.

In the preparation of the financial statements, the assets and liabilities of foreign operations (including subsidiaries and associates that operate in a country or currency different from the Company) are translated into the New Taiwan dollar at the closing rate of exchange prevailing on the balance sheet date. Income and expenses are translated at the average rate of the year. The exchange differences arising are recognized in other comprehensive income.

(5) Inventories

Inventories comprise raw materials, finished goods and work in process. Inventories are measured at the lower of cost and net realizable value. The comparison between costs and net realizable values is based on individual items except for the same type of inventory. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated cost necessary to make the sale. Inventory costs are calculated using the weighted average method.

(6) Investments in subsidiaries

The Company has adopted the equity method for investments in subsidiaries.

Subsidiaries refer to entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost. The carrying amount of investment is adjusted thereafter for the post-acquisition changes in the Company's share of profit or loss and other comprehensive income and profit distribution of the subsidiaries. In addition, changes in the Company's share of subsidiaries' other equity are recognized in proportion to its shareholding ratio.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (including any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company shall continue to recognize losses based on the shareholding percentage.

When the Company assesses impairment, the test shall be performed on the basis of cash generating units within the financial statements. The recoverable amount and the carrying amount of cash generating units shall be compared. Subsequently, if the recoverable amount of an asset increases, the recovery of the impairment loss shall be recognized as an advantage, provided that the carrying amount of the asset recovered from the impairment loss shall not exceed the carrying amount of the asset to be amortized if the impairment loss is not recognized.

The unrealized profit or loss in downstream transactions between the Company and the subsidiary shall be eliminated in the financial statements. The gains and losses arising from the countercurrent and side current transactions between the Company and its subsidiaries shall be recognized in the financial statements only to the extent not related to the Company's equity in the subsidiaries.

(7) Investments in associates

An associate is an entity over which the Company has significant influence other than a subsidiary.

The Company accounts for investments in associates using the equity method.

Under the equity method, the investment is initially recognized at cost. The carrying amount of investment is adjusted thereafter for the post-acquisition changes in the Company's share of profit or loss and other comprehensive income and profit distribution of the associates. In addition, equity changes in associates are recognized based on the shareholding ratio.

When the Company's share of losses of a associate equals or exceeds its interest in that associate (including any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payment on behalf of that associate.

To assess impairment, the Company has to consider the overall carrying amount of the investment as a single asset to compare the recoverable and carrying amounts. The impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of investment.

The Company shall cease the use of equity method from the date when its investment is no longer an associate. Its retained interest in the associate is measured at fair value, and the difference between the fair value and the carrying amount of the investment and the carrying amount of the investment at the date of acquisition of the equity method is included in profit or loss for the current period. In addition, the Company shall account for all the amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the an associate had directly disposed of the related assets or liabilities.

Profits and losses in upstream, downstream and side-stream transactions between the Company and associates are recognized in the financial statements only to the extent that the profits and losses are irrelevant to the Company's interests in the associates.

(8) Property, Plant and Equipment

Property, plant, and equipment shall be recognized at cost and subsequently at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost, less any recognized accumulated impairment loss. The cost includes professional services fees and borrowing costs eligible for capitalization. Such assets are classified to the appropriate categories of property, plant and equipment and start to depreciate when completed and ready for their intended use.

Except freehold land, each significant part of property, plant, and equipment is separately depreciated over its useful life on a straight-line basis. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When property, plant, and equipment is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

(9) Investment Properties

Investment properties are real estate held for rent or capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

The investment properties are depreciated on a straight-line basis.

When investment properties are derecognized, the difference between the net disposal proceeds and the carrying amount of the property shall be recognized in profit or loss of the current year.

(10) Impairment of property, plant, equipment and investment property

On each balance sheet date, the Company reviews the carrying amounts of its property, plant, and equipment as well as investment property to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If it is not possible to determine the recoverable amount for an individual asset, the Company shall estimate the recoverable amount of the asset's cash-generating unit. Shared assets are allocated to individual cash-generating units when they can be allocated to the cash-generating units on a reasonable and consistent basis. Otherwise, they can be allocated to the smallest group of cash-generating units on a reasonable and consistent basis.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash-generating unit is lower than its carrying amount, the carrying amount of the asset or the cash-generating unit shall be reduced to the recoverable amount and the impairment loss shall be recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or the related asset of the cash-generating unit will be reduced to the extent of recoverable amount prior to revision, provided the increased carrying amount does not exceed the carrying amount (minus amortization or depreciation) of the asset or of the related asset of the cash-generating unit not declared as impairment loss in the previous years. A reversal of an impairment loss is recognized in profit or loss.

(11) Financial Instruments

Financial assets and financial liabilities shall be recognized in the balance sheets when the Company becomes a party of the financial instrument contract.

When showing the original financial assets and liabilities, if their fair value was not assessed based on profit or loss, it is the fair value plus the cost of transaction, that is, of its acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

I) Types of measurement

The types of financial assets held by the Company are financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI

A. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets that are mandatorily measured at FVTPL include investments in equity instruments that are not designated to be measured at FVTOCI and investments in debt instruments that do not qualify for classification as measured at amortized cost or measured at FVTOCI.

Financial assets at FVTPL are measured at fair value. Any gain or loss of remeasurements (excluding any stock dividends or interests from the said assets) are recognized in profit or loss. Fair value is determined in the manner described in Note 23.

B. Financial assets at amortized cost

When the Company's investments in financial assets match the following two conditions simultaneously, they are classified as financial assets at amortized cost:

a. Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flows; and

b. The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

After initial recognition, financial assets measured at amortized (including cash and cash equivalents, notes receivable, trade receivable, other receivables and refundable deposits) are measured at amortized cost using the effective interest method, less any impairment loss, and any foreign currency exchange gain or loss is recognized in profit or loss.

Except for the following two circumstances, interest income is calculated at the value of effective interest rate times the gross carrying amount of financial assets:

a. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.

b. Financial assets that are not credit impairment from purchases or at the time of founding but subsequently become credit impairments shall be calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

A credit-impaired financial asset refers to the issuer or debtor has experienced significant financial difficulties or defaults. The debtor is likely to file for bankruptcy or declare financial restructuring, or the financial asset is not tradeable in the active market due to financial difficulties.

Cash equivalents refer to time deposits that are highly liquid and readily convertible to known amounts of cash subject to an insignificant risk of changes in value. Time deposits are held for the purpose of fulfilling short-term cash commitment.

C. Investments in Equity Instruments at FVTOCI

On initial recognition, the Company has an irrevocable option to designate the investment in equity instruments that are not held-for-trading and not contingent consideration recognized by the acquirer in a business combination, to be measured at fair value through other comprehensive income.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments and it will be transferred to retained earnings instead.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is confirmed, unless the dividends clearly represent a recovery of part of the cost of the investment.

II) Impairment of financial assets

The impairment loss of financial assets at amortized cost (including trade receivables) is measured by the Company on the balance sheet date based on the expected credit losses.

Allowances shall be appropriated for accounts receivable for expected credit losses for the duration of their existence. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit losses represent the expected credit losses arising from the possible default of the financial instrument in the 12 months after the balance sheet date, and the expected credit losses during the lifetime represent the expected credit losses arising from all possible defaults of the financial instrument during the expected existence period.

For the purpose of internal credit risk management, under the premise that the collateral held is not under consideration, the Company determines that the financial assets have breached the contract by the following circumstances:

A. Internal or external information indicate that the debtor is unlikely to pay its creditors.

B. The underlying debt is overdue for a specified number of days, unless there is reasonable and supportable information indicating that a delayed basis of default is more appropriate.

The impairment loss of all financial assets is reduced based on the allowance account.

III) Derecognition of financial assets

The Company derecognizes the financial assets when the contractual rights to the cash flow from the said financial assets expire or when the Company transfers almost all the risks and rewards of ownership of the financial assets to other enterprises.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss. Through the full derecognition of the investments in equity instruments at fair value through other comprehensive income, the cumulative profit or loss is directly transferred to retained earnings and not reclassified to profit or loss.

2) Instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

I) Subsequent measurement

Except for the following circumstances, financial liabilities are assessed at amortized cost using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are held for trading.

Financial liabilities held for trading are measured at fair value, and their gains or losses arising from remeasurement are recognized in other gains and losses. Fair value is determined in the manner described in Note 23.

II) Derecognition of financial liabilities

When financial liabilities are derecognized, the difference between their carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) shall be recognized in profit or loss.

4) Derivative financial assets

Derivative instruments entered into by the Company include forward foreign exchange contracts, which are used to manage the Company's exchange rate risk.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss. When the fair value of derivative financial instrument is positive, the derivative is recognized as a financial asset. When the fair value of derivative financial instrument is negative, the derivative is recognized as a financial liability.

(12) Revenue recognition

After the Company identifies its performance obligations in contracts with customers, it shall amortize the transaction costs to each obligation in the contract and recognize revenue upon satisfaction of performance obligations. Refund liabilities are provided based on past experience and other relevant factors to reasonably estimate the amount of future returns.

Sales revenue of commodities

Sales revenue of commodities comes from the sale of chlor-alkali products, PVC resins, PVC compounds and other related products. When commodities are delivered to the customers, the customers have already obtained the rights to establish the price and usage of the commodities and are primarily liable for the resale of the commodities. The customers shall undertake the related obsolescence risk and the Company will recognize revenue and accounts receivable at that time.

(13) Leases

The Company assesses whether the contract is (or includes) a lease on the date of its establishment.

1) Where the Company is a lessor:

Under operating leases, revenue is recognized on a straight-line basis over the relevant lease term.

2) Where the Company is a lessee:

Except that the lease payments of the low value subject-matter assets and short-term leases applicable to recognition exemption are recognized as expenses on a straight-line basis during the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

(14) Employee benefits

1) Short-term employee benefits

Liabilities recognized in relation to short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the services.

2) Post-employment benefits

Payments to defined contribution retirement benefit plans are recognized as expense s when employees have rendered service entitling them to the contributions.

The costs of defined benefits under the defined benefit pension plan (including service cost, net interest, and the remeasurement) are calculated based on the projected unit credit method. The cost of services (including the cost of services of the current periods) and the net interest of the net defined benefit liabilities (assets) are recognized as employee benefit expenses. The remeasurement amount (including actuarial gains and losses and the return on plan assets after deducting interest) is recognized in other comprehensive income and presented in retained earnings when it occurs. It shall not be reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities (assets) are the deficit (surplus) of the contribution made according to the defined benefit pension plan. Net defined benefit asset can not exceed the present value of the refund of contributions from the plan or the reduction in future contributions.

(15) Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

The Company determines the current income (loss) in accordance with the Income Tax Act of the Republic of China, and calculates the payable (recoverable) income tax accordingly.

A tax is levied on the unappropriated earnings pursuant to the Income Tax Act of the Republic of China and is recorded as an income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

Adjustments to prior year income taxes are shown in the taxes of the current year.

2) Deferred tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences and deferred income tax assets are recognized when there are likely taxable income for the deducting temporary differences.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deductible temporary differences associated with such investment, when it is probable that sufficient taxable income will be available to realize such temporary difference, a deferred tax asset is recognized, but only to the extent of the amount that is expected to be reversed in the foreseeable future.

The carrying amount of the deferred income tax assets is re-examined at the end of each reporting period and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss except for those related to items recognized in other comprehensive income or equity that shall be recognized in other comprehensive income or entity, respectively.

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

When the Company adopts accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis by the management of the Company. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

Key Sources of Estimation and Uncertainty

(1) Taxation

The carrying amounts of deferred tax assets related to unused tax losses as at 31 December 2021 and 2020 were $210,021 thousand and $204,427 thousand, respectively. Due to the unpredictability of future profits, as of December 31, 2021 and 2020, there were still deductible temporary differences of $184,196 thousand and $194,452 thousand respectively, which were not recognized as deferred income tax assets. The realizability of deferred tax assets depends primarily on the availability of sufficient future profits or taxable temporary differences. If the actual profits generated in the future are less than expected, there may be a significant reversal of deferred tax assets, and these reversals are recognized as profit or loss in the period in which they occur.

(2) Associate's estimated damage compensation for gas explosion incident

The associate, China General Terminal & Distribution Corporation, has recognized the liability provision for civil damages loss arising from the gas explosion incident. The management has considered the progress of the relevant civil and criminal litigation and settlement with reference to legal advice to estimate the amount of the liability provision. However, actual results may differ from current estimates.

6. Cash and Cash Equivalents

	December 31, 2021	December 31, 2020
Cash on hand and petty cash	$ 166	$ 96
Checking accounts and demand deposits	232,208	157,356
Cash equivalents		
Time deposits	150,056	88,288
Reverse repurchase agreements collateralized by bonds	89,982	-
	$ 472,412	$ 245,740

The market rate intervals of time deposits in banks and reverse repurchase agreements at the end of the reporting period were as follows:

	December 31, 2021	December 31, 2020
Time deposits	0.18%~ 0.77%	0.10%
Reverse repurchase agreements collateralized by bonds	0.37%	-

7. Financial Instruments at FVTPL－current

	December 31, 2021	December 31, 2020
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
－Foreign exchange forward contracts	$ 3,232	$ 3,169
Non-derivative financial assets		
－Mutual Funds	175,018	309,014
－Beneficiary securities	52,541	49,918
－Domestic listed equity investments	58,597	-
	$ 289,388	$ 362,101
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
－Foreign exchange forward contracts	$ -	$ 2,507

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

	Currency	Maturity Date	Contract Amount (In Thousands)
December 31, 2021			
Sell	USD/NTD	2022/01/03~2022/03/30	USD 23,610 /NTD 656,777
December 31, 2020			
Sell	USD/NTD	2021/01/04~2021/03/12	USD 22,780 /NTD 646,453

The Company 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 Company did not apply a hedge accounting treatment for these contracts.

8. Financial Assets at FVTOCI - Non-current

Investments in equity instruments

	December 31, 2021	December 31, 2020
Domestic equity investments		
Unlisted ordinary share		
KHL IB Venture Capital Co., Ltd.	$ 82,377	$ 137,731

In order to adjust its capital structure, in August 2021, 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 50 shares, 130 shares, 59 shares, and 165 shares per 1,000 shares, representing a refund of $500, $1,300, $590 and $1,650. In 2021 and 2020, the Company received a capital refund of $10,449 thousand and $16,423 thousand, respectively.

The Company invested in equity instruments for medium to long-term strategic purposes and expects to make a profit via long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as it believes that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

9. Notes Receivable, Trade Receivables and Other Receivables

	December 31, 2021	December 31, 2020
Notes receivable		
Notes receivable - operating	$ 195,162	$ 162,639
Trade receivables (including related parties)(Note 24)		
At amortized cost		
Gross carrying amount	$ 1,208,372	$ 1,166,765
Less: Allowance for impairment loss	(10,652)	(10,652)
	$ 1,197,720	$ 1,156,113
Other receivables (including related parties)(Note 24)		
Tax refunds receivables	$ 66,172	$ 46,166
Others	7,000	2,305
	$ 73,172	$ 48,471

(1) Trade receivables

The Company's credit period for the sale of goods ranges from 10 days to 60 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting a new customer, the Company surveys the customers' credit history and measures the potential customer's credit quality to set a credit limit. A customer's credit limit and rating are reviewed annually. In addition, the Company reviews the recoverable amount of trade debt at the end of the reporting period to ensure that adequate allowance of impairment loss is made for possible irrecoverable amounts. As such, the management concludes that the credit risk of the Company is significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using an allowance matrix by referencing to past default experience with the respective debtors and an analysis of the debtors' current financial positions, adjusted for general economic conditions of the industry and an assessment of economic conditions at the reporting date.

The Company writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the due receivables. Where recoveries are made, they are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's allowance matrix.

December 31, 2021

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	$ 13,854	$ 466,396	$ 211,407	$ 711,877	$ 1,403,534
Loss allowance (lifetime ECLs)	-	(5,913)	(4,739)	-	(10,652)
Amortized cost	$ 13,854	$ 460,483	$ 206,668	$ 711,877	$ 1,392,882

December 31, 2020

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	$ 22,697	$ 311,901	$ 154,374	$ 840,432	$ 1,329,404
Loss allowance (lifetime ECLs)	-	(4,281)	(3,547)	(2,824)	(10,652)
Amortized cost	$ 22,697	$ 307,620	$ 150,827	$ 837,608	$ 1,318,752

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

	December 31, 2021	December 31, 2020
Not past due	$ 1,309,901	$ 1,278,454
Less than and including 60 days	93,633	50,950
	$ 1,403,534	$ 1,329,404

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:

	2021	2020
Balance at January1 and December 31	$ 10,652	$ 10,652

(2) Other receivables

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

10. Inventories

	December 31, 2021	December 31, 2020
Finished goods	$ 972,098	$ 305,894
Work in progress	43,330	48,411
Raw materials	348,552	272,141
	$1,363,980	$ 626,446

For the years ended December 31, 2021 and 2020, the costs of goods sold for inventories amounted to $9,876,746 thousand and $7,389,155 thousand, respectively. For the years ended December 31, 2021 and 2020, the costs of goods sold included provisions of allowance for write-downs of inventories and obsolescence losses amounted to $15,598 and $3,798 thousand, respectively.

11. Investment Accounted for Equity Method

	December 31, 2021	December 31, 2020
Investments in subsidiaries	$ 6,654,977	$ 5,758,472
Investments in associates	396,902	338,228
	$ 7,051,879	$ 6,096,700

(1) Investments in subsidiaries

Subsidiary	December 31, 2021	December 31, 2020
Unlisted companies		
Taiwan VCM Corporation	$ 4,610,674	$ 4,020,390
CGPC Polymer Corporation	1,503,749	1,177,835
CGPC (BVI) Holding Co., Ltd.	345,845	351,935
CGPC America Corporation	194,709	208,312
	$ 6,654,977	$ 5,758,472

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

Subsidiary	December 31, 2021	December 31, 2020
Taiwan VCM Corporation	87.27%	87.22%
CGPC Polymer Corporation	100%	100%
CGPC (BVI) Holding Co., Ltd.	100%	100%
CGPC America Corporation	100%	100%

Based on the medium- and long-term investment strategy, the Company acquired 157 thousand shares of TVCM from external shareholders from March to September 2021, with $2,653 thousand, increasing its shareholding ratio in TVCM from 87.22% to 87.27%. On May 12, 2021 and May 6, 2020, the shareholders' meeting of TVCM resolved to re-capitalize earnings of $220,328 thousand and $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.

The board of directors of the Company passed a resolution in October 2011 to dissolve CGPC (ZS) and CGPC (CP), which are the wholly-owned companies by CGPC (BVI)

Holding Co., Ltd. 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.

For the years ended December 31, 2021 and 2020, the subsidiaries invested by using the equity method and the Company's share of profits and losses and other comprehensive profits and losses are recognized based on the financial reports of each subsidiary that have been audited by CPAs during the same years.

(2) Investments in associates

Investments in associates that are not individually material

	December 31, 2021	December 31, 2020
Listed companies		
Acme Electronics Corporation ("ACME")	$ 23,171	$ 22,517
Unlisted companies		
China General Terminal & Distribution Corporation ("CGTD")	373,731	315,711
	$ 396,902	$ 338,228

Aggregate information of associates that are not individually material

	2021	2020
The Company's share of:		
Net Profit for the Year	$ 22,159	$ 23,708
Other comprehensive income	36,515	35,198
Total comprehensive income	$ 58,674	$ 58,906

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

Company name	December 31, 2021	December 31, 2020
ACME	1.74%	1.74%
CGTD	33.33%	33.33%

Refer to Table 6 "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 Thintec Materials Corporation (“TMC”) approved the proposal for the dissolution and liquidation starting from the dissolution date of May 25, 2019. The liquidation and dissolution process was completed on July 22, 2020. In May 2020, the Company received the proceeds distribution of $1,274 thousand derived from the residual assets in the liquidation process, and thus recognized a disposal loss of $173 thousand. In February 2021, the refund of business tax of TMC was approved by the National Taxation Bureau of Taipei, Ministry of Finance. In April 2021, the Company recovered $153 thousand according to the shareholding ratio before liquidation and recognized it as other income.

The Company’s long-term investments in conjunction with its affiliates jointly held more than 20% of each of the shareholdings of ACME and had significant influence over each entity. Therefore, the Company adopted the equity method to evaluate the above investments.

Fair values (Level 1) of investments in associates with open market quotations are summarized as follows:

Company name	December 31, 2021	December 31, 2020
ACME	$ 169,917	$ 60,027

Except ACME’s financial statement as of and for the year ended December 31, 2020, the investments accounted for using the equity method and its share of profit or loss and other comprehensive income or loss as of and for the years ended December 31, 2021 and 2020 were based on the associates’ financial statements which have been audited for the same years; The management considered ACME's Financial Statements not yet be audited by CPA might not generate material effect.

12. Property, Plant and Equipment

	Freehold Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress and Machinery in Transit	Total
Cost							
Balance as of January 1, 2021	$ 1,629,671	$ 893,758	$ 5,170,452	$ 58,824	$ 168,250	$ 482,880	$ 8,403,835
Additions	-	-	-	-	-	417,620	417,620
Disposal	-	(1,014)	(92,759)	-	(8,501)	-	(102,274)
Reclassification	-	47,624	221,146	1,021	1,258	(271,049)	-
Balance as of December 31, 2021	$ 1,629,671	$ 940,368	$ 5,298,839	$ 59,845	$ 161,007	$ 629,451	$ 8,719,181
Accumulated depreciation and impairment							
Balance as of January 1, 2021	$ -	$ 646,154	$ 4,316,313	$ 38,524	$ 154,327	$ -	$ 5,155,318
Depreciation expenses	-	37,167	163,602	5,986	4,677	-	211,432
Disposal	-	(1,014)	(92,445)	-	(8,501)	-	(101,960)
Balance as of December 31, 2021	$ -	$ 682,307	$ 4,387,470	$ 44,510	$ 150,503	$ -	$ 5,264,790
Net amount as of December 31, 2021	$ 1,629,671	$ 258,061	$ 911,369	$ 15,335	$ 10,504	$ 629,451	$ 3,454,391
Cost							
Balance as of January 1, 2020	$ 1,629,671	$ 860,050	$ 4,967,934	$ 50,551	$ 164,103	$ 438,936	$ 8,111,245
Additions	-	-	-	-	-	362,091	362,091
Disposal	-	(14,056)	(47,428)	(3,666)	(4,351)	-	(69,501)
Reclassification	-	47,764	249,946	11,939	8,498	(318,147)	-
Balance as of December 31, 2020	$ 1,629,671	$ 893,758	$ 5,170,452	$ 58,824	$ 168,250	$ 482,880	$ 8,403,835
Accumulated depreciation and impairment							
Balance as of January 1, 2020	$ -	$ 624,768	$ 4,212,782	$ 37,095	$ 153,907	$ -	$ 5,028,552
Depreciation expenses	-	35,409	150,067	5,095	4,771	-	195,342
Disposal	-	(14,023)	(46,536)	(3,666)	(4,351)	-	(68,576)
Balance as of December 31, 2020	$ -	$ 646,154	$ 4,316,313	$ 38,524	$ 154,327	$ -	$ 5,155,318
Net amount as of December 31, 2020	$ 1,629,671	$ 247,604	$ 854,139	$ 20,300	$ 13,923	$ 482,880	$ 3,248,517

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and Improvements	3~60 years
Machinery and Equipment	2~26 years
Transportation Equipment	2~10 years
Miscellaneous Equipment	2~21 years

The Company's property, plant and equipment as assessed on 31 December 2021 and 2020 indicated no signs of impairment.

13. Investment Property

	Land	Buildings and Improvements	Total
Cost			
Balance at January 1 and December 31, 2021	$ 27,715	$ 292,932	$ 320,647
Accumulated depreciation			
Balance as of January 1, 2021	$ -	$ 49,489	$ 49,489
Depreciation expenses	-	14,139	14,139
Balance as of December 31, 2021	$ -	$ 63,628	$ 63,628
Net amount as of December 31, 2021	$ 27,715	$ 229,304	$ 257,019
Cost			
Balance at January 1 and December 31, 2020	$ 27,715	$ 292,932	$ 320,647
Accumulated depreciation			
Balance as of January 1, 2020	$ -	$ 35,349	$ 35,349
Depreciation expenses	-	14,140	14,140
Balance as of December 31, 2020	$ -	$ 49,489	$ 49,489
Net amount as of December 31, 2020	$ 27,715	$ 243,443	$ 271,158

The Company's investment properties are located in Toufen industrial districts. Due to the characteristics of the districts, the market for comparable properties is inactive and alternative reliable measurements of fair value were not available. Therefore, the Company determined that the fair value of its investment properties is not reliably measurable.

The total amount of lease payments to be collected in the future for investment properties as operating lease as of December 31, 2021 and 2020 were as follows:

	December 31, 2021	December 31, 2020
Year 1	$ 11,732	$ 7,567
Year 2	10,776	6,622
Year 3	10,776	6,622
Year 4	10,776	6,622
Year 5	10,776	6,622
Over 5 years	26,940	23,178
	$ 81,776	$ 57,233

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

Buildings and Improvements	5~26 years

14. Trade Payables

	December 31, 2021	December 31, 2020
Trade payables (including related parties)(Note 24)		
Operating	$ 1,720,564	$ 1,357,190

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

15. Other payables

	December 31, 2021	December 31, 2020
Payables for salaries and bonuses	$ 321,368	$ 219,403
Payables for purchases of equipment	91,512	36,837
Payables for freight	46,384	71,037
Payables for utilities	42,907	36,016
Others	59,477	57,271
	$ 561,648	$ 420,564

16. Retirement Benefit Plans

(1) Defined contribution plans

The Company adopts a pension plan under the Labor Pension Act, which is a state-managed defined contribution plan. According to the Labor Pension Act, the Company makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries.

(2) Defined benefit plans

The pension system adopted by the Company under the "Labor Standards Act" is a state-managed defined benefit plan. The payment of the employee's pension is based on the period of service and the average salary a specific period before the approved retirement date. The Company allocates 10% of employees' monthly salaries respectively to the Supervisory Committee of Labor Retirement Reserve's dedicated account in the Bank of Taiwan as pension reserve funds. The Bureau of Labor Funds, Ministry of Labor administers the account. The Company has no right over its investment and administration strategies.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	$ 1,101,617	$ 1,186,411
Fair value of plan assets	(619,891)	(656,214)
Net defined benefit liabilities	$ 481,726	$ 530,197

Changes in net defined benefit liabilities (assets) are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Balance as of January 1, 2020	$ 1,295,857	($ 710,973)	$ 584,884
Service costs for the current period	11,152	-	11,152
Interest expense (income)	7,763	($ 4,284)	3,479

(Continued)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Components recognized in profit or loss	$ 18,915	($ 4,284)	$ 14,631
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	-	(24,832)	(24,832)
Actuarial loss - changes in financial assumptions	22,703	-	22,703
Actuarial gain - experience adjustments	(15,247)	-	(15,247)
Components recognized in other comprehensive income	7,456	(24,832)	(17,376)
Contribution by the employer	-	(51,942)	(51,942)
Benefits	(135,817)	135,817	-
Balance as of December 31, 2020	1,186,411	(656,214)	530,197
Service costs for the current period	9,975	-	9,975
Interest expense (income)	4,439	(2,471)	1,968
Components recognized in profit or loss	14,414	(2,471)	11,943
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	-	(9,975)	(9,975)
Actuarial loss - changes in demographic assumptions	26,928	-	26,928
Actuarial gain - changes in financial assumptions	(9,962)	-	(9,962)
Actuarial gain - experience adjustments	(11,523)	-	(11,523)
Components recognized in other comprehensive income	5,443	(9,975)	(4,532)
Contribution by the employer	-	(47,861)	(47,861)
Benefits	(104,651)	96,630	(8,021)
Balance as of December 31, 2021	$ 1,101,617	($ 619,891)	$ 481,726

(Concluded)

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

	2021	2020
Operating costs	$ 9,474	$ 11,280
Selling and marketing expenses	1,306	1,546
General and administrative expenses	697	1,208
Research and development expenses	466	597
	$ 11,943	$ 14,631

The Company has the following risks owing to the implementation of the pension system under the Labor Standards Act:

1) Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in equity securities, debt securities, and bank deposits in domestic (foreign) banks through independent implementation and commissioned operations. However, the distributed amount from the plan assets received by the Company shall not be lower than interest on a two-year time deposit at a local bank.

2) Interest rate risk: The decrease in the interest rate of government bonds/corporate bonds will increase the present value of defined benefit obligations, but the yield on debt investment of plan assets will also increase accordingly, which will partially offset the impact on net defined benefit liabilities.

3) Salary risk: The present value of defined benefit obligations is calculated with reference to future salaries of plan members. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligations is calculated by certified actuaries and the major assumptions on the assessment date are as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.500%	0.375%
Average long-term salary adjustment rate	2.500%	2.500%

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

	December 31, 2021	December 31, 2020
Discount rate		
Increase by 0.25%	(\$ 19,969)	(\$ 22,703)
Decrease by 0.25%	\$ 20,571	\$ 23,409
Average long-term salary adjustment rate		
Increase by 0.25%	\$ 19,814	\$ 22,520
Decrease by 0.25%	(\$ 19,339)	(\$ 21,961)

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

	December 31, 2021	December 31, 2020
Expected amount of contribution within 1 year	\$ 49,297	\$ 53,502
Average duration of defined benefit obligations	7.4 years	7.8 years

17. Equity

(1) Ordinary shares

	December 31, 2021	December 31, 2020
Number of shares authorized (in thousands)	650,000	650,000
Share capital authorized	\$ 6,500,000	\$ 6,500,000

Number of shares issued and fully paid (in thousands)	581,050	553,381
Share capital issued	$ 5,810,505	$ 5,533,814

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 19(6).

The appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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.

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

On March 9, 2022, the Board of Directors proposed the distribution of earnings for the year ended December 31, 2021 as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 246,913	
Cash dividends	1,452,626	$ 2.5

The distribution of earnings for the year ended December 31, 2021 is subject to the resolution in the shareholders' meeting on May 30, 2022.

(4) Special reserve

The Company appropriated a special reserve in the amount of $408,223 thousand after offsetting a deficit of $428,727 thousand, which was from the net increase of retained earnings arising from the initial adoption of IFRSs. As of December 31, 2021, there was no change.

(5) Other Equity

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

	2021	2020
Balance at January 1	($ 43,259)	($ 33,763)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(11,080)	(12,122)
Related income tax	2,216	2,423
Share of exchange of differences of associates accounted for using the equity method	(338)	203
Balance at December 31	($ 52,461)	($ 43,259)

2) Unrealized gain (loss) on financial assets at FVTOCI

	2021	2020
Balance at January 1	$ 138,774	$ 67,029
Recognized for the year		
Unrealized gain (loss) equity Instruments	(44,905)	36,272
Share of subsidiaries and associates accounted for using the equity method	38,864	35,473
Balance at December 31	$ 132,733	$ 138,774

18. Revenue

(1) Revenue from contracts with customers

	2021	2020
Revenue from the sale of goods		
PVC products	$ 11,487,847	$ 8,268,069

Please refer to Schedule 7 for information related to sales revenue.

(2) Contract balances

Please refer to Note 9 for information related to notes receivable and trade receivables.

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities (presented in other current liabilities)	$ 63,475	$ 20,041	$ 28,507

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

(3) Refunds liabilities

	December 31, 2021	December 31, 2020
Refunds liabilities (presented in other current liabilities)	$ 21,792	$ 8,941

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.

19. Net Profit for the Year

(1) Interest income

	2021	2020
Bank deposits	$ 216	$ 350
Financial assets at FVTPL	902	1,077
Others	8	7
	$ 1,126	$ 1,434

(2) Other income

	2021	2020
Rental income	$ 14,159	$ 11,386
Dividend income	34,216	9,192
Others	5,194	7,339
	$ 53,569	$ 27,917

(3) Other gain and loss

	2021	2020
Gain on disposal of property, plant and equipment	$ 2,663	$ 2,027
Gross foreign exchange gains	29,700	19,937
Gross foreign exchange losses	(75,172)	(62,943)
Loss on financial liabilities held for trading (see Note 7)	(7,269)	(4,310)

(Continued)

	2021	2020
Gain on financial assets mandatorily classified as at FVTPL (Note 7)	24,508	32,710
Depreciation expenses from investment properties (Note 13)	(14,139)	(14,140)
Loss from disposal of investments under equity method	-	(173)
Others	(6,120)	(6,934)
	($ 45,829)	($ 33,826)

(Concluded)

(4) Depreciation and amortization

	2021	2020
Property, Plant and Equipment	$ 211,432	$ 195,342
Investment Property	14,139	14,140
Intangible assets	46	91
	$ 225,617	$ 209,573
An analysis of depreciation by function		
Operating costs	$ 210,055	$ 193,359
Operating expenses	1,377	1,983
Other gain and loss	14,139	14,140
	$ 225,571	$ 209,482
An analysis of amortization by function		
Operating expenses	$ 46	$ 91

(5) Employee benefits expense

	2021	2020
Post-employment benefits (Note 16)		
Defined contribution plans	$ 17,746	$ 17,062
Defined benefit plans	11,943	14,631
	29,689	31,693
Other employee benefits	925,819	851,117
Total employee benefits expenses	$ 955,508	$ 882,810
An analysis of employee benefits expense by function		
Operating costs	$ 774,500	$ 712,129
Operating expenses	181,008	170,681
	$ 955,508	$ 882,810

Please refer to Schedule 11 for information related to employee benefits expense.

(6) The remuneration of employees and directors

The Company accrued remuneration of employees and directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The remuneration of employees and directors for 2021 and 2020, which have been approved by the Company's board of directors on March 9, 2022 and March 5, 2021, respectively, were as follows:

Accrual rate

	2021	2020
Remuneration of Employees	1%	1%
Remuneration of Directors	-	-

Amount of Cash

	2021	2020
Remuneration of Employees	$ 26,485	$ 17,034

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of remuneration of employees and directors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

Information on the remuneration of employees and directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

20. Taxation

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

Major components of income tax expenses are as follows:

	2021	2020
Current tax		
In respect of the current year	$ 161,733	$ 49,046
Adjustments for prior years	(4,690)	(10,036)
	157,043	39,010
Deferred tax		
In respect of the current year	(2,179)	16,030
Effect of different tax rates	(280)	7
Unrecognized deductible temporary difference	(2,051)	(2,503)
Adjustments for prior years	756	(390)
	(3,754)	13,144
Income tax expense recognized in profit or loss	$ 153,289	$ 52,154

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

	2021	2020
Profit before income tax	$ 2,621,965	$ 1,686,338
Income tax calculated at the statutory rate	$ 524,393	$ 337,267
Domestic investments recognized under equity method	(358,518)	(267,161)
Tax-exempted income	(6,118)	(17,362)

(Continued)

	2021	2020
Valuation gain or loss on financial instruments	($ 203)	$ 13,904
Fees that cannot be deducted from taxes	-	64
Unrecognized deductible of investment	-	(1,636)
Unrecognized deductible temporary difference	(2,051)	(2,503)
Effect of different tax rates	(280)	7
Adjustments of current income tax expenses in previous years	(3,934)	(10,426)
Income tax expense recognized in profit or loss	$ 153,289	$ 52,154

(Concluded)

(2) Income tax recognized in other comprehensive income

	2021	2020
Deferred tax		
In respect of the current year		
- Translation of foreign operations	$ 2,216	$ 2,423
- Gains on remeasurements of defined benefit plans	(906)	(3,475)
Income tax recognized in other comprehensive income	$ 1,310	($ 1,052)

(3) Current income tax assets and liabilities

	December 31, 2021	December 31, 2020
Current income tax assets		
Tax refunds receivables	$ -	$ 15,941
Current income tax liabilities		
Income tax payable	$ 161,641	$ 48,917

(4) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2021

Deferred income tax assets	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Temporary differences				
Allowance for inventory write-down	$ 8,418	$ 3,119	$ -	$ 11,537
Investments accounted for under equity method	72,361	(1,829)	2,216	72,748
Deferred revenue	8,994	7,494	-	16,488
Refunds liabilities	1,789	2,470	-	4,259
Defined benefit plans	104,188	(8,789)	(906)	94,493
Holiday benefits payable	8,317	467	-	8,784
Others	360	1,352	-	1,712
	$ 204,427	$ 4,284	$ 1,310	$ 210,021

(Continued)

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Deferred income tax liabilities				
Temporary differences				
Revaluation increments of land	$ 483,213	$ -	$ -	$ 483,213
Others	1,508	530	-	2,038
	$ 484,721	$ 530	$ -	$ 485,251

(Concluded)

2020

	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing balance
Deferred income tax assets				
Temporary differences				
Allowance for inventory write-down	$ 7,658	$ 760	$ -	$ 8,418
Investments accounted for under equity method	73,424	(3,486)	2,423	72,361
Deferred revenue	9,137	(143)	-	8,994
Refunds liabilities	3,965	(2,176)	-	1,789
Defined benefit plans	115,125	(7,462)	(3,475)	104,188
Holiday benefits payable	7,522	795	-	8,317
Others	2,106	(1,746)	-	360
	$ 218,937	($ 13,458)	($ 1,052)	$ 204,427
Deferred income tax liabilities				
Temporary differences				
Revaluation increments of land	$ 483,213	$ -	$ -	$ 483,213
Others	1,822	(314)	-	1,508
	$ 485,035	($ 314)	$ -	$ 484,721

(5) The deductible temporary differences of deferred income tax assets, unrecognized in the balance sheet

The deductible temporary differences of deferred income tax assets, which were not recognized in the balance sheet by the Company as of December 31, 2021 and 2020, were $184,196 thousand and $194,452 thousand respectively.

(6) Income tax assessments

The income tax returns of the Company through 2019 have been assessed by the tax authorities.

21. Earnings per share

Unit: NT$ Per Share

	2021	2020
Basic earnings per share	$ 4.25	$ 2.81
Diluted earnings per share	$ 4.24	$ 2.81

The weighted average number of shares outstanding used in the earnings 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 per share adjusted retrospectively for the year ended December 31, 2020 were as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 2.95	$ 2.81
Diluted earnings per share	$ 2.95	$ 2.81

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Year

	2021	2020
Earnings used in the computation of basic and diluted earnings per share	$ 2,468,676	$ 1,634,184

Ordinary Shares Outstanding

Unit: Thousands of shares

	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	581,050	581,050
Effect of potentially dilutive ordinary shares:		
Remuneration of Employees	859	732
Weighted average number of ordinary shares used in the computation of diluted earnings per share	581,909	581,782

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

22. Capital Management

The Company manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

23. Financial Instruments

(1) Fair value of financial instruments not measured at fair value

The management of the Company believes the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair value or their fair value cannot be reliably measured.

(2) Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 3,232	$ -	$ 3,232
Mutual Funds	175,018	-	-	175,018
Beneficiary securities	52,541	-	-	52,541
Investments in equity instruments				
－Domestic listed equity investments	58,597	-	-	58,597
	$ 286,156	$ 3,232	$ -	$ 289,388
Financial assets at FVTOCI				
Investments in equity instruments				
－Domestic unlisted equity investments	$ -	$ -	$ 82,377	$ 82,377

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 3,169	$ -	$ 3,169
Mutual Funds	309,014	-	-	309,014
Beneficiary securities	49,918	-	-	49,918
	$ 358,932	$ 3,169	$ -	$ 362,101
Financial assets at FVTOCI				
Investments in equity instruments				
－Domestic unlisted equity investments	$ -	$ -	$ 137,731	$ 137,731
Financial liabilities at FVTPL				
Derivative financial assets	$ -	$ 2,507	$ -	$ 2,507

There were no transfers between Levels 1 and 2 for the years ended December 31, 2021 and 2020.

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

2021

	Financial assets at FVTOCI
Balance at January 1	$ 137,731
Components recognized in other comprehensive income	(44,905)
Return of capital reduction	(10,449)
Balance December 31	$ 82,377

2020

	Financial assets at FVTOCI
Balance at January 1	$ 117,882
Components recognized in other comprehensive income	36,272
Return of capital reduction	(16,423)
Balance at December 31	$ 137,731

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

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

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

To determine the fair value for Level 3 financial instruments, the Company's financial department conducts independent fair value verification using independent resources so as to better reflect the market conditions, as well as periodically reviewing the valuation results in order to guarantee the rationality of the measurement. For unlisted domestic equity investments, the Company utilizes the asset approach and takes into account the most recent net asset value, observable financial status as well as the financing activities of investees in order to determine their net asset value. The unobservable input used was a discount for the lack of marketability of 15% on December 31, 2021 and 2020. When other inputs remain unchanged, the fair value will decrease by $969 thousand and $1,620 thousand, respectively, if the discount for lack of marketability increases by 1%.

(3) Categories of financial instruments

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at FVTPL		
Mandatorily classified at FVTPL	$ 289,388	$ 362,101
Financial assets at amortized cost		
Cash and Cash Equivalents	472,412	245,740
Notes receivable	195,162	162,639
Trade receivables (including related parties)	1,197,720	1,156,113
Other receivables (including related parties and excluding tax refund receivable)	7,000	2,305
Refundable deposits	10,209	11,166
Financial assets at FVTOCI		
Investments in equity instruments	82,377	137,731
Financial liabilities		
Financial liabilities at FVTPL-Held for trading	-	2,507
Financial liabilities measured at amortized cost		
Trade payables (including related parties)	1,720,564	1,357,190
Other payables (Note 1)	243,543	205,940
Guarantee deposits	6,044	3,963

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

(4) Financial risk management objectives and policies

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

1) Market risk

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

Market risk in relation to the Company's financial instruments and its management and measurement approaches remain unchanged.

a) Foreign currency risk

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 27.

Sensitivity analysis

The Company's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 3% strengthening/weakening of the functional currency against USD, the net income before tax for the years ended December 31, 2021 and 2020 would have decreased/increased by $32,182 thousand and $29,873 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 Company was exposed to the fair value risk of interest rate fluctuations for the fixed interest rate bearing financial assets; the Company was exposed to the cash flow risk of interest rate fluctuations for the floating interest rate bearing financial assets. The Company regularly evaluates hedging activities to align with interest rate viewpoint and established risk appetite and ensure that the most cost-effective hedging strategies are employed.

The carrying amounts of financial assets of the Company exposed to interest rate risk at the end of reporting date are as follows:

	December 31, 2021	December 31, 2020
Fair value interest rate risk		
- Financial assets	$ 248,428	$ 96,635
Cash flow interest rate risk		
- Financial assets	183,385	122,657

The Company had no financial liabilities with fair value interest rate risk and cash flow interest rate risk as at 31 December 2021 and 2020.

Sensitivity analysis

The fixed-rate financial assets and liabilities held by the Company are not included in the analysis as they are all measured at amortized cost. For floating rate assets, the analysis was prepared to assume that the amount of the assets outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point fluctuation in interest rate was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

When reporting to the management, the Company considers any interest rate fluctuation within 50 basis points reasonable. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $917 thousand and $613 thousand, respectively.

c) Other price risks

The Company 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 Company manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Company has appointed a special team to monitor the price risk.

Sensitivity analysis

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

If marketable securities price had increased/decreased by 5%, the pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $5,557 thousand and $2,496 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL (excluding investment in money market funds); The pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by $4,119 thousand and $6,887 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

b) The maximum amount the Company would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

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

The counterparties of the Company's trade receivable included numerous clients distributed over a variety of areas and were not centered on a single client or location. Furthermore, the Company continuously assesses the financial condition of its clients, and then the Company's credit risk was limited. As of the end of the reporting period, the Company's largest exposure to credit risk is approximately that of the carrying amounts of its financial assets.

3) Liquidity risk

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

a) Liquidity and interest rate risk tables

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

December 31, 2021

	On Demand or Less than 1 Year	1-5 Years	Over 5 Years
Non-derivative financial liabilities			
Non-interest bearing liabilities	$ 1,970,151	$ -	$ -

December 31, 2020

	On Demand or Less than 1 Year	1-5 Years	Over 5 Years
Non-derivative financial liabilities			
Non-interest bearing liabilities	$ 1,563,130	$ -	$ -

b) Financing facilities

The Company relies on bank loans as a significant source of liquidity. As of December 31, 2021 and 2020, the unused amounts of bank loan facilities were as follows:

	December 31, 2021	December 31, 2020
Bank loan facilities		
－Amount unused	$ 2,703,206	$ 1,778,160

24. Transactions with Related Parties

As of December 31, 2021 and 2020, USI Corporation held through its subsidiary, Union Polymer International Investment Corporation, 24.97% of the Company's outstanding ordinary shares. Besides information disclosed elsewhere in other notes, details of transactions between the Company and other related parties are disclosed below:

(1) Related party names and categories

Related Party Name	Related Party Category
USI Corporation	Ultimate parent company
Union Polymer Int'l Investment Corp. ("UPIIC")	Parent company
Taiwan VCM Corporation ("TVCM")	Subsidiary
CGPC Polymer Corporation ("CGPCPOL")	Subsidiary
CGPC America Corporation ("CGPC-America")	Subsidiary
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
Swanson Technologies Corporation	Fellow subsidiary
Taiwan United Venture Management Corporation	Fellow subsidiary
Chong Loong Trading Co., Ltd.	Fellow subsidiary
Dynamic Ever Investments Limited	Fellow subsidiary
APC Investment Corporation	Subsidiary of investor with significant influence
USI Educational Foundation ("USIF")	Related party in substance

(2) Sales of goods

Related Party Category	2021	2020
Subsidiary	$ 679,585	$ 389,006
Investor of significant influence	2,339	2,369
Fellow subsidiary	601	661
	$ 682,525	$ 392,036

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

(3) Purchases of goods

Related Party Category/Name	2021	2020
Subsidiary		
TVCM	$ 7,071,763	$ 4,290,414
Others	59,991	61,206
Fellow subsidiary	56,292	32,770
Ultimate parent company	420	143
Investor of significant influence	-	24
	$ 7,188,466	$ 4,384,557

The Company has entered into a supply contract for vinyl chloride monomer with Taiwan VCM Corporation. The purchase price is determined with reference to the domestic price of polyvinyl chloride in the month, the Asian spot reported price of vinyl chloride monomer and the Asian price of ethylene dichloride and ethylene.

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

(4) Trade receivables from related parties

Related Party Category/Name	December 31, 2021	December 31, 2020
Subsidiary		
CGPC America	$ 189,714	$ 110,613
Investor of significant influence	-	511
	$ 189,714	$ 111,124

The outstanding trade receivables from related parties were unsecured. For the years ended December 31, 2021 and 2020, no impairment loss was recognized for trade receivables from related parties.

(5) Trade payables to related parties

Related Party Category/Name	December 31, 2021	December 31, 2020
Subsidiary		
TVCM	$ 1,489,862	$ 1,069,615
Others	9,521	19,827
Fellow subsidiary	9,865	10,847
Ultimate parent company	121	76
	$ 1,509,369	$ 1,100,365

The outstanding trade payables to related parties were unsecured.

(6) Other receivables from related parties

Related Party Category/Name	December 31, 2021	December 31, 2020
Subsidiary	$ 1,540	$ 1,586
Investor of significant influence	636	639
Fellow subsidiary	20	28
Ultimate parent company	8	8
Associate	3	3
Subsidiary of investor with significant influence	1	1
	$ 2,208	$ 2,265

(7) Other payables to related parties

Related Party Category	December 31, 2021	December 31, 2020
Ultimate parent company	$ 2,836	$ 4,028
Subsidiary	158	395
Investor of significant influence	124	197
Fellow subsidiary	145	159
	$ 3,263	$ 4,779

(8) Endorsements/Guarantees

Related Party Category/Name	December 31, 2021	December 31, 2020
Subsidiary		
CGPCPOL	$ 1,000,000	$ 2,450,000

(9) Lease arrangements

Related Party Category/Name	2021	2020
Lease expenses		
Ultimate parent company	$ 4,591	$ 5,109
Investor of significant influence		
APC	1,429	2,186
	$ 6,020	$ 7,295

The Company leases offices in Neihu from Ultimate parent company (USI) and APC. The rentals are paid on a monthly basis.

(10) Management service expenses

Related Party Category/Name	2021	2020
Fellow subsidiary		
UM	$ 42,946	$ 41,811
Others	-	29
Ultimate parent company	3,883	3,768
	$ 46,829	$ 45,608

UM and USI provide labor support, equipment and other related services to the Company and the contract is effective on July 1, 2001. The service expenses were based on the actual quarterly expenses which should be paid in the subsequent quarter following the related service.

(11) Donations

Related Party Category/Name	2021	2020
Related party in substance		
USIF	$ 3,000	$ 1,000

(12) Rental income

Related Party Category/Name	2021	2020
Fellow subsidiary		
USIO	$ 3,337	$ 3,379
Others	26	-
Investor of significant influence	280	266
	$ 3,643	$ 3,645

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.

(13) Other income

Related Party Category	2021	2020
Investor of significant influence	$ 1,627	$ 1,482
Subsidiary	66	116
	$ 1,693	$ 1,598

(14) Other Expense

Related Party Category	2021	2020
Subsidiary	$ 437	$ 503

(15) Compensation of key management personnel

	2021	2020
Salaries and others	$ 22,768	$ 18,240
Post-employment benefits	108	181
	$ 22,876	$ 18,421

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

25. Assets Pledged as Collateral or for Security

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

	December 31, 2021	December 31, 2020
Pledged time deposits (recognized as guarantee deposits)	$ 8,390	$ 8,347

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.

26. Significant Contingent Liabilities and Unrecognized Commitments

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of the end of the reporting period were as follows:

(1) As of December 31, 2021 and 2020, the Company’s unused letters of credit amounted to $32,206 thousand and $6,512 thousand, respectively.

(2) Description of Kaohsiung gas explosions:

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

CGTD reached an agreement with Kaohsiung City Government on February 12, 2015 and pledged a term deposit $227,540 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 Corp. 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 $ 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 $12,472 thousand as of February 28, 2022.

As for the victims, CGTD, LCY Chemical Corp. and Kaohsiung City Government signed a tripartite agreement on July 17, 2015 agreeing to negotiate the compensation first with the 32 victim’s successors and persons entitled to the claims ("family of the victim"). Each victim's family was entitled to $12,000 thousand and the total compensation was $384,000 thousand. The compensation was first paid by LCY who also represent the three parties in the settlement negotiation and the signing of settlement agreements with family of the victim.

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

As of February 28, 2022, 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 $46,677 thousand, and the amount of the settlement was $4,519 thousand. Along with the case still under litigation and the above-mentioned compensation, the accumulated amount of compensation is $3,856,447 thousand. The first-instance judgments of some of the above-mentioned civil cases (with a total amount of compensation of approximately $1,341,128 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 $401,979 thousand. (In particular, CGTD was exempted to pay $6,194 thousand according to the court's judgment.) For the civil cases that have been sentenced but not settled, CGTD has filed an appeal and has started the second trial procedure one after another. The rest cases are still under trial in the Court of First Instance (the amount of compensation requested is approximately $2,012,493 thousand). CGTD has signed a claim settlement agreement with the insurance company in accordance with the proportion of fault liability determined in the first-instance judgment to estimate the amount of settlement for victims and seriously injured and the civil litigation compensation amount (including settled cases). The maximum amount of the insurance compensation was deducted to calculate the amount payable by CGTD and the $136,375 thousand has been included in the estimate on the account. However, the actual settlement and compensation amount described above can only be verified after the proportion of fault liability is determined in the civil judgments.

27. Significant Assets and Liabilities Denominated in Foreign Currencies

The Company’s significant financial assets and liabilities denominated in foreign currencies and aggregated by foreign currencies other than functional currencies and the related exchange rates assets and liabilities with significant impact recognized in foreign currencies are as follows:

Unit: Except for the exchange rate, all in thousands

December 31, 2021

	Foreign currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 39,168	27.680 (USD:NTD)	$1,084,157
AUD	1,000	20.080 (AUD:NTD)	20,078
EUR	662	31.320 (EUR:NTD)	20,724
Non-monetary items			
Subsidiaries accounted for using the equity method			
USD	19,529	27.680 (USD:NTD)	540,554
Financial liabilities			
Monetary items			
USD	412	27.680 (USD:NTD)	11,414

December 31, 2020

	Foreign currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 35,461	28.480 (USD:NTD)	$1,009,925
AUD	853	21.950 (AUD:NTD)	18,716
EUR	392	35.020 (EUR:NTD)	13,731
Non-monetary items			
Subsidiaries accounted for using the equity method			
USD	19,672	28.480 (USD:NTD)	560,247
Financial liabilities			
Monetary items			
USD	$ 497	28.480 (USD:NTD)	$ 14,147

For the years ended December 31, 2021 and 2020, net foreign exchange losses were $45,472 thousand, and $43,006 thousand, respectively. It is impractical to disclose net foreign exchange losses by each significant foreign currency due to the variety of the foreign currency transactions.

28. **Supplementary Disclosures**

(1) Information on Significant Transactions

1) Financing provided to others: None;

2) Endorsements/guarantees provided for others: Note 24 and Table 1.

3) Marketable securities held: Table 2.

4) Marketable securities acquired and disposed of at costs or prices of at least $300 million or 20% of the paid-in capital: Table 3.

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

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

7) Total purchases from or sales to related parties amounting to at least $100 million or 20% of the paid-in capital: Table 4.

8) Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital: Table 5.

9) Trading in derivative instruments: Note 7.

(2) Information on reinvestment: Table 6.

(3) Information on Investments in Mainland China

1) Information on any investee company in Mainland China, including the company names, major business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China: Table 7.

2) The following information on any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and their purposes.

e) The highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

(4) Information of major shareholders: List of all shareholders with ownership of 5% or greater showing the names and the number shares and percentage of ownership held by each shareholder: Table 8.

China General Plastics Corporation

Endorsements/Guarantees Provided

For the Year Ended December 31, 2021

Table 1

Unit: NT$ thousand

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	$ 6,697,786	$ 2,450,000	$ 1,000,000	$ -	None	8.96%	$ 11,162,977	Yes	No	No

Note 1. The ratio is calculated using the ending balance of equity of the Company as of December 31, 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

Marketable Securities Held

December 31, 2021

Table 2

Unit: NT$ thousand

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Unit / Share	Carrying Amount	Percentage of Ownership (%)	Fair value	
China General Plastics Corporation	Beneficiary securities							
	Cathay No. 1 Real Estate Investment Trust	-	Financial assets at FVTPL - current	2,898,000	$ 52,541	-	$ 52,541	Note 1
	Mutual Funds							
	FSITC Taiwan Money Market Fund	-	Financial assets at FVTPL - current	5,172,035	80,018	-	80,018	Note 1
	Cathay Taiwan Money Market Fund	-	〃	3,981,272	50,000	-	50,000	Note 1
	Hua Nan Phoenix Money Market Fund	-	〃	2,740,627	45,000	-	45,000	Note 1
	Ordinary shares							
	China Steel Corporation	-	Financial assets at FVTPL - current	650,000	22,978	-	22,978	Note 1
	Quanta Computer Incorporated	-	〃	125,000	11,837	-	11,837	Note 1
	Tungho Steel Corporation	-	〃	167,500	11,239	-	11,239	Note 1
	United Microelectronics Corporation	-	〃	120,000	7,800	-	7,800	Note 1
	ShunSin Technology Holdings Limited	-	〃	51,000	4,743	-	4,743	Note 1
	KHL IB Venture Capital Co., Ltd.	-	Financial assets at FVTOCI - non-current	4,977,475	82,377	5.95%	82,377	Note 1
Taiwan VCM Corporation	Ordinary shares							
	Asia Polymer Corporation	The major shareholders are the same as those of the Company	Financial assets at FVTOCI - non-current	130,244	4,774	0.02%	4,774	Note 1
CGPC Polymer Corporation	Mutual Funds							
	Hua Nan Phoenix Money Market Fund	-	Financial assets at FVTPL - current	8,774,597	144,075	-	144,075	Note 1
	FSITC Taiwan Money Market Fund	-	〃	6,464,876	100,020	-	100,020	Note 1
	Taishin Ta-Chong Money Market Fund	-	〃	6,968,690	100,003	-	100,003	Note 1
	Prudential Financial Money Market Fund	-	〃	4,384,646	70,118	-	70,118	Note 1
	Taishin 1699 Money Market Fund	-	〃	4,386,606	60,003	-	60,003	Note 1
	Hua Nan Kirin Money Market Fund	-	〃	4,715,381	57,000	-	57,000	Note 1
	Taiwan Cooperative Bank Money Market Fund	-	〃	2,437,835	25,000	-	25,000	Note 1
	Yuanta De-Li Money Market Fund	-	〃	971,782	16,006	-	16,006	Note 1
CGPC (BVI) Holding Co., Ltd.	Ordinary shares							
	Teratech Corporation	-	Financial assets at FVTPL - non-current	112,000	-	0.67%	-	(Notes 1 and 3)
	SOHOware, Inc - preferred shares	-	〃	100,000	-	-	-	(Notes 1, 2, and 3)

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 December 31, 2021, the Company evaluates the fair value of the equity instrument as $0.

China General Plastics Corporation

Marketable Securities Acquired and Disposed of at Costs and Prices of at Least NT$300 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2021

Table 3

Unit: NT$ thousand

Buyer/Seller	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relation-ship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount (Note)	Shares	Amount	Shares	Amount	Carrying Amount	Gain on disposal	Shares	Amount (Note)
China General Plastics Corporation	Mutual Funds													
	Taishin Ta-Chong Money Market Fund	Financial assets at FVTPL - current	-	-	4,190,295	$ 60,000	40,879,691	$ 586,000	45,069,986	$ 646,101	$ 646,000	$ 101	-	$ -
	FSITC Money Market Fund	〃	-	-	-	-	3,109,635	560,000	3,109,635	560,061	560,000	61	-	-
	CTBC Hua-Win Money Market Fund	〃	-	-	4,501,666	50,000	46,771,745	520,000	51,273,411	570,046	570,000	46	-	-
	Hua Nan Phoenix Money Market Fund	〃	-	-	-	-	27,133,187	445,000	24,392,560	400,077	400,000	77	2,740,627	45,000
	FSITC Taiwan Money Market Fund	〃	-	-	-	-	27,031,631	418,000	21,859,596	338,047	338,000	47	5,172,035	80,000
	Nomura Taiwan Money Market Fund	〃	-	-	-	-	24,661,509	406,000	24,661,509	406,049	406,000	49	-	-
Taiwan VCM Corporation	Mutual Funds													
	FSITC Taiwan Money Market Fund	Financial assets at FVTPL - current	-	-	3,240,147	50,000	25,887,463	400,000	29,127,610	450,075	450,000	75	-	-
	Taishin Ta-Chong Money Market Fund	〃	-	-	6,983,874	100,000	22,338,288	320,000	29,322,162	420,059	420,000	59	-	-
CGPC Polymer Corporation	Mutual Funds													
	Hua Nan Kirin Money Market Fund	Financial assets at FVTPL - current	-	-	3,315,451	40,000	48,446,772	585,000	47,046,842	568,067	568,000	67	4,715,381	57,000
	FSITC Taiwan Money Market Fund	〃	-	-	3,178,916	49,000	36,160,381	559,000	32,874,421	508,400	508,000	400	6,464,876	100,000
	Taishin Ta-Chong Money Market Fund	〃	-	-	8,941,582	128,000	37,239,820	534,000	39,212,712	562,343	562,000	343	6,968,690	100,000
	Taiwan Cooperative Bank Money Market Fund	〃	-	-	-	-	50,169,944	514,000	47,732,109	489,062	489,000	62	2,437,835	25,000
	FSITC Money Market Fund	〃	-	-	250,312	45,000	1,999,223	360,000	2,249,535	405,209	405,000	209	-	-
	Taishin 1699 Money Market Fund	〃	-	-	15,393,455	210,000	17,554,151	240,000	28,561,000	390,140	390,000	140	4,386,606	60,000

Note: The beginning and ending amount denote the original acquisition cost.

China General Plastics Corporation

Total Purchases from or Sales to Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2021

Table 4

Unit: NT$ thousand

Buyer/Seller	Related Parties	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivables (Payables)	
			Purchase / Sales	Amount	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	$ 7,071,763	79%	45 days	No major difference	No major difference	Trade payables to related parties ($ 1,489,862)	(87%)
	CGPC America Corporation	Subsidiary	Sales	(679,417)	(6%)	90 days	No major difference	No major difference	Trade receivables from related parties 189,714	14%
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Sales	(7,071,763)	(48%)	45 days	No major difference	No major difference	Trade receivables from related parties 1,489,862	47%
	CGPC Polymer Corporation	Fellow subsidiary	Sales	(6,585,350)	(45%)	75 days	No major difference	No major difference	Trade receivables from related parties 1,361,638	43%
CGPC Polymer Corporation	Taiwan VCM Corporation	Fellow subsidiary	Purchases	6,585,350	97%	75 days	No major difference	No major difference	Trade payables to related parties (1,361,638)	(98%)
CGPC America Corporation	China General Plastics Corporation	Parent company	Purchases	679,417	89%	90 days	No major difference	No major difference	Trade payables to related parties (189,714)	(98%)

China General Plastics Corporation

Receivables from Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital

December 31, 2021

Table 5

Unit: NT$ thousand

Company Name	Related Parties	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Treatment Method		
China General Plastics Corporation	CGPC America Corporation	Subsidiary	Trade receivables from related parties $ 189,714	4.52	$ -	-	$ 84,313	Note 1
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Trade receivables from related parties $ 1,489,862	5.53	-	-	1,489,862	Note 1
	CGPC Polymer Corporation	Fellow subsidiary	Trade receivables from related parties $ 1,361,638	4.70	-	-	1,361,638	Note 1

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

Note 2. : The subsequent period is between January 1 and February 24, 2022.

China General Plastics Corporation

Information on Investee

For the Year Ended December 31, 2021

Table 6

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

Investor Company	Investee Company	Location	Business Content	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of Investee	Share of Profit (Loss)	Note
				December 31, 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	$ 2,933,648	$ 2,930,995	259,591,005	87.27%	$ 4,610,674	$ 1,510,951	$ 1,189,448	Subsidiary
	CGPC Polymer Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacturing and marketing of PVC resins	800,000	800,000	80,000,000	100%	1,503,749	580,982	580,982	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%	345,845	(2,505)	(2,505)	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	22,009,594	33.33%	373,731	63,389	21,129	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%	194,709	21,914	21,914	Subsidiary
	Acme Electronics Corporation	8F., No. 39, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacturing and marketing of Mn-Zn and Ni-Zn ferrite cores	33,995	33,995	3,176,019	1.74%	23,171	59,329	1,030	Associate accounted for using the equity method

China General Plastics Corporation

Information on Investments in Mainland China

For the Year Ended December 31, 2021

Table 7

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 December 31, 2021 (Note 1)	Net Income (Loss) of Investee	Ownership Percentage of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Amount as of December 31, 2021 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outflow	Inflow						
Continental General Plastics (Zhong Shan) Co., Ltd. ("CGPC (ZS)") (Note 4)	Manufacturing and marketing of PVC film and consumer products	$ 553,600 (US$20,000 thousand)	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	$ 553,600 (US$20,000 thousand)	$ -	$ -	$ 553,600 (US$20,000 thousand)	($ 2,569) (US$-93 thousand)	100%	($ 2,569) (US$-93 thousand)	$ 262,303 (US$9,476 thousand)	$ -
CGPC Consumer Products Corporation ("CGPC (CP)") (Note 4)	Manufacturing and marketing of PVC and consumer products	41,520 (US$1,500 thousand)	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	41,520 (US$1,500 thousand)	-	-	41,520 (US$1,500 thousand)	15 (US$1 thousand)	100%	15 (US$1 thousand)	13,461 (US$487 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 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)
$ 749,630 (US$ 27,082 thousand)	$ 869,152（US$ 31,400 thousand）	$ -

Note 1. The calculation was based on the spot exchange rate of December 31, 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 US$684 thousand, the investment amount of Union (ZS) of US$898 thousand, and the investment amount of CGPC (SH) of US$4,000 thousand.

Note 4. The 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 11.

Note 5. The investment income (loss) recognized in 2021 is based on the financial statements audited by the parent company's CPA.

China General Plastics Corporation

Information on Major Shareholders

December 31, 2021

Table 8

Names of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership
Union Polymer International Investment Corporation	145,079,236	24.97%
Asia Polymer Corporation	46,886,185	8.07%

Note: The information in this table refers to a total of holding shares of more than 5 percent of the Company's non- physical shares of common stock and preferred stock that have completed registration and delivery (including treasury shares), in accordance with the last business day of the end of the quarter of the Taiwan Depository & Clearing Corporation. The share capital recorded in the Company's consolidated financial report and the actual number of non-physical shares that have been registered and delivered may be different due to the different calculation basis.

§ THE CONTENTS OF SCHEDULES OF MAJOR ACCOUNTING

§ ITEMS §

China General Plastics Corporation

Schedule of cash and cash equivalents

December 31, 2021

Schedule 1

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

Item	Summary	Amount
Cash on hand and petty cash		$ 166
Cash in bank		
Demand deposits		38,971
Checking accounts		48,823
Foreign currency deposits	US$4,934,312, US$1=NT$27.680 EUR106,158, EUR1=NT$31.320 AUD205,193, AUD1=NT$20.080 GBP5,175, GBP1=NT$37.300 JPY345,367, JPY1=NT$0.2405 HK$31,174, HK$1=NT$3.549	144,414
		232,208
Time deposits		
Time deposits	NT$6,120,000, expired by 2021.11.17~2022.11.17, interest rate at 0.77%	6,120
Foreign time deposits	US$5,200,000, US$1=27.680, expired by 2021.12.22~2022.01.10, interest rate at 0.18%	143,936
		150,056
Reverse repurchase agreements collateralized by bonds		89,982
Total		$ 472,412

China General Plastics Corporation

Schedule of financial assets at FVTPL -current

December 31, 2021

Schedule 2

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

Type and Name of Financial Instruments	Number of Shares	Acquisition Cost	Fair Value Unit Price (Dollar)	Fair Value Amount
Financial assets mandatorily classified as at FVTPL				
Non-derivative financial assets				
Mutual Funds				
FSITC Taiwan Money Market Fund	5,172,035	$ 80,000	15.47	$ 80,018
Cathay Taiwan Money Market Fund	3,981,272	50,000	12.56	50,000
Hua Nan Phoenix Money Market Fund	2,740,627	45,000	16.42	45,000
		175,000		175,018
Beneficiary securities				
Cathay No. 1 Real Estate Investment Trust	2,898,000	31,168	18.13	52,541
Domestic listed equity investments				
China Steel Corporation	650,000	25,196	35.35	22,978
Quanta Computer Incorporated	125,000	10,601	94.70	11,837
Tungho Steel Corporation	167,500	8,612	67.10	11,239
United Microelectronics Corporation	120,000	6,984	65.00	7,800
ShunSin Technology Holdings Limited	51,000	4,712	93.00	4,743
		56,105		58,597
		$ 262,273		286,156
Derivative financial assets				
Foreign exchange forward contracts				3,232
				$ 289,388

China General Plastics Corporation

Schedule of notes receivable and trade receivables

December 31, 2021

Schedule 3 | Unit: NT$ thousand

Item	Amount
Notes receivable	
Yung Hua Te Industry Co., Ltd.	$ 34,752
Avatack Co., Ltd.	24,279
San Yanier Chemical Co., Ltd.	20,853
Jumbo Electric Wire and Cable Co., Ltd.	11,114
Others (Note)	104,164
	195,162
Trade receivables	
Tricon Energy Ltd.	187,394
The Supreme Industries Ltd.	83,148
Zheng Yi Plastic Co., Ltd.	54,620
Others (Note)	693,496
	1,018,658
Less: Allowance for impairment loss	(10,652)
	1,008,006
Trade receivables from related parties	
CGPC America Corporation	189,714
Total	$ 1,392,882

Note: The amount of individual client included in others does not exceed 5% of the account balance.

China General Plastics Corporation

Schedule of inventories

December 31, 2021

Schedule 4 | Unit: NT$ thousand

Item	Amount	
	Cost	Net Realizable Value (Note1)
Finished goods	$ 1,005,718	$ 1,046,291
Work in progress	48,183	41,992
Raw materials	367,765	350,298
	1,421,666	$ 1,438,581
Less: Allowance for impairment loss (Note 2)	(57,686)	
Total	$ 1,363,980	

Note 1. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

Note 2. The impairment loss on inventory resulted from the obsolete and slow moving items; impairment loss is the excess of cost over net realizable value.

Note 3. The amount of insured inventories is ~~NT~~$1,219,233 thousand.

China General Plastics Corporation

Schedule of changes in investments accounted for using the equity method

For the Year ended December 31, 2021

Schedule 5

Investee Company	Balance at January 1		Additions (Decrease)		Gain on investments accounted for using equity method	Exchange differences on translating the financial statements of foreign operations	Others (Note 2)	Balance at December 31			Market Value/Net Equity Value	Endorsement/ Guarantee Collateral
	Shares	Amount	Shares	Amount				Shares	Amount	%		
Listed Company												
Acme Electronics Corporation	3,176,019	$ 22,517	-	$ -	$ 1,030	($ 338)	($ 38)	3,176,019	$ 23,171	1.74	$ 169,917	None
Unlisted companies												
Taiwan VCM Corporation	240,206,420	4,020,390	19,384,585	2,653	1,189,448	-	(601,817)	259,591,005	4,610,674	87.27	4,814,958	None
CGPC Polymer Corporation	80,000,000	1,177,835	-	-	580,982	-	(255,068)	80,000,000	1,503,749	100	1,503,749	Note 1
CGPC (BVI) Holding Co., Ltd.	16,308,258	351,935	-	-	(2,505)	(3,585)	-	16,308,258	345,845	100	345,845	None
China General Terminal & Distribution Corporation	19,918,185	315,711	2,091,409	-	21,129	-	36,891	22,009,594	373,731	33.33	373,731	None
CGPC America Corporation	100	208,312	-	-	21,914	(7,495)	(28,022)	100	194,709	100	265,561	None
Total		$ 6,096,700		$ 2,653	$ 1,811,998	($ 11,418)	($ 848,054)		$ 7,051,879			

Note 1. Please refer to Table 1.

Note 2. Details of the amounts are as follows:

Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method unrealized net gain on investments in equity instruments at FVTOCI	$ 38,864
Capital surplus accounted for using the equity method	252
Cash dividends	(855,973)
Unrealized gains from sales	(28,022)
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method-remeasurements of defined benefit plans	(3,175)
	($ 848,054)

Other changes in Acme Electronics Corporation in the current year are deducted from the remeasured amount of the defined benefit plan of $ 38 thousand.

Other changes in Taiwan VCM Corporation in the current year are the unrealized evaluation benefits of equity instrument investment measured at FVTOCI of $1,769 thousand, and the capital surplus recognized by the equity method of $252 thousand, less the defined benefit plan remeasurement amount of $2,933 thousand and cash dividend of $600,905 thousand.

The other changes of CGPC Polymer Corporation in the current year are the distribution of cash dividends of $255,068 thousand.

The other changes of China General Terminal & Distribution Corporation in the current year are the unrealized evaluation benefits of equity instrument investment measured at fair value through other comprehensive income of $37,095 thousand, less the re-measurement of the defined benefit plan of $204 thousand.

Other changes in CGPC America Corporation in the current year are deducting unrealized gains from sales of $28,022 thousand.

China General Plastics Corporation

Schedule of trade payables

December 31, 2021

Schedule 6

Unit: NT$ thousand

Item	Amount
Trade payables	
Nan Ya Plastics Corp.	$ 40,318
Power Chemical Corp.	13,844
Golden Chemical Corp.	12,156
Others (Note)	144,877
	211,195
Trade payables to related parties	
Taiwan VCM Corporation	1,489,862
Others (Note)	19,507
	1,509,369
Total	$ 1,720,564

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

China General Plastics Corporation

Schedule of net revenue

December 31, 2021

Schedule 7

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

Item	Unit (PVC Leather Are Stated in Thousands of YD; Others Are Stated in Tone)	Amount
Sales revenue		
PVC resin/compound	174,377	$ 6,947,005
PVC film	29,420	1,965,688
PVC leather	8,364	985,828
Construction products	19,479	945,134
Chlor-alkali products	59,899	644,192
Total		$ 11,487,847

China General Plastics Corporation

Schedule of cost of revenue

For the Year Ended December 31, 2021

Schedule 8 Unit: NT$ thousand

Item	Amount
Raw materials	
Balance, beginning of year	$ 287,844
Raw materials purchased	8,955,070
Transferred to other accounts	(381,700)
Balance, end of year	(367,765)
Raw materials used in current year	8,493,449
Direct labor	368,047
Production overheads (Schedule 9)	1,678,144
Manufacturing cost	10,539,640
Work in progress, beginning of year	51,170
Other accounts transferred to work in progress	143
Work in progress, end of year	(48,183)
Cost of finished goods	10,542,770
Finished goods, beginning of year	329,520
Other accounts transferred to finished goods	7,325
Finished goods purchased	21,801
Transferred to other accounts	(27,547)
Finished goods, end of year	(1,005,718)
Cost of revenue before adjustment	9,868,151
Write-downs of inventories and obsolescence losses	15,598
Others	(7,003)
Cost of revenue	$ 9,876,746

China General Plastics Corporation

Schedule of production overheads

For the Year Ended December 31, 2021

Schedule 9 | Unit: NT$ thousand

Item	Amount
Utilities expense	$ 415,450
Payroll and other personnel expense	406,453
Depreciation expense	210,055
Repair and maintenance expense	185,025
Packaging materials	177,272
Fuel expense	100,913
Others (Note)	182,976
Total	$ 1,678,144

Note: The amount of each item included in others does not exceed 5% of the account balance.

China General Plastics Corporation

Schedule of operating expenses

For the Year Ended December 31, 2021

Schedule 10 | Unit: NT$ thousand

Item	Selling and Marketing Expenses	General and administrative expenses	Research and development expenses
Freight	$ 485,198	$ 1	$ 12
Payroll and other personnel expense (Note 1)	84,589	70,041	26,379
Management service expenses	-	46,829	-
Others (Note 2)	40,274	22,650	5,563
Total	$ 610,061	$ 139,521	$ 31,954

Note 1. The amount of payroll and personnel expense includes salary, pension, insurance and other personnel expenses.

Note 2. The amount of each item included in others does not exceed 5% of the account balance.

China General Plastics Corporation

Schedule of employee benefits, depreciation and amortization by function

For the Years Ended December 31, 2021 AND 2020

Schedule 11

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

	For the year ended December 31, 2021				For the year ended December 31, 2020			
	Cost of Revenue	Operating Expenses	Other Gains and Losses	Total	Cost of Revenue	Operating Expenses	Other Gains and Losses	Total
Employee benefits expense								
Salary	$ 670,997	$ 154,838	$ -	$ 825,835	$ 613,946	$ 144,393	$ -	$ 758,339
Labor and health insurance	49,830	9,285	-	59,115	47,884	9,468	-	57,352
Pension	24,394	5,295	-	29,689	25,545	6,148	-	31,693
Director's remuneration	-	6,340	-	6,340	-	5,052	-	5,052
Other employee benefit	29,279	5,250	-	34,529	24,754	5,620	-	30,374
Total	$ 774,500	$ 181,008	$ -	$ 955,508	$ 712,129	$ 170,681	$ -	$ 882,810
Depreciation expenses	$ 210,055	$ 1,377	$ 14,139	$ 225,571	$ 193,359	$ 1,983	$ 14,140	$ 209,482
Amortization expense	$ -	$ 46	$ -	$ 46	$ -	$ 91	$ -	$ 91

Note 1. As of December 31, 2021 and 2020, the Company had 703 and 740 employees, respectively, and the number of directors who did not served concurrently as employees were both 8.

Note 2. The average amount of employee benefits expense of the Company in 2021 was $1,366 thousand; the average amount of employee benefits expense of the Company in 2020 was $1,199 thousand.

Note 3. The average amount of salary expense of the Company in 2021 was $1,188 thousand; the average amount of salary expense of the Company in 2020 was $1,036 thousand, respectively.

Note 4. The average of salary expense adjustment of the Company increased at 14.67% in 2021.

Note 5. The Company's Audit Committee exercised duty and power as a supervisor, no need of disclosing the remuneration for supervisors.

Note 6. The Company's Remuneration Policy for Directors and Managers: a. Remuneration payment shall refer to that of median across peer industry, along with consideration of reasonableness related with personal performance, operating achievements of company and future risks. b. Directors and managers should not be guided to behave beyond the risk of company for higher remuneration. c. The proportion of employee remuneration on short-term performance basis and the payment time of partial change on remuneration shall be determined by considering characteristic of industry and business nature; Employee remuneration & salary policy was formulated by referring to the government laws and regulations, salary price and trend on market across peer industry, overall economy and change of business conditions , as well as organization chart of company, wherein the Company's formulated "Measures on Salary Management", "Measures of Employee Performance Assessment", "Measures of Allowance for Supervisor and Personal Staff" and other regulations as the criteria of issuance and the Company also has formulated "Management Measures of Year-end Bonus" which appropriates year-end bonus to employee depending on profit and reviewing result of employee performance (included employee remuneration).