

**Notice to Readers:**

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

## China General Plastics Corporation and Subsidiaries

### Consolidated Financial Statements for the Nine Months Ended September 30, 2022 and 2021 and Independent Auditors' Review Report

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## **Independent Auditors' Review Report**

The Board of Directors and Shareholders  
China General Plastics Corporation

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of China General Plastics Corporation and its subsidiaries (the Group) as of September 30, 2022 and 2021, and the related consolidated statement of comprehensive income for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, of changes in equity and of cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies( collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

As disclosed in Notes 12 and 13 to the consolidated financial statements, the financial statements of some non-significant subsidiaries and investments accounted for using the equity method included in the consolidated financial statements were not reviewed. As of September 30, 2022 and 2021, the combined total assets of these non-significant subsidiaries and investments accounted for using the equity method were NT\$1,241,718 thousand and NT\$1,199,330 thousand, respectively, representing 8% and 7%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries as of September 30, 2022 and 2021 were NT\$44,151 thousand and NT\$26,907 thousand, respectively, representing 1% and 0% of the

consolidated total liabilities; for the three months ended September 30, 2022 and 2021, and the nine months ended September 30, 2022 and 2021, the amounts of combined comprehensive income(loss) of these non-significant subsidiaries were NT\$(14,845) thousand, NT\$(11,561) thousand, NT\$12,289 thousand and NT\$(61) thousand, respectively, representing 2%, (2%), (4%) and 0% , respectively, of the consolidated total comprehensive income(loss), and the Group’s share of profit (loss) of these investments accounted for using the equity method for the three months ended September 30, 2022 and 2021, and the nine months ended September 30, 2022 and 2021, were NT\$(10,473) thousand, NT\$36,537 thousand, NT\$(28,891) thousand and NT\$81,764 thousand, respectively, representing 2%, 7%, 10% and 4% , respectively, of the consolidated total comprehensive income. The additional disclosures of these non-significant subsidiaries and investments accounted for using the equity method were based on financial statements which were not reviewed by auditors.

**Qualified Conclusion**

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non -significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2022 and 2021, its consolidated financial performance for the three months then ended, and its consolidated financial performance and its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

November 1, 2022

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**China General Plastics Corporation and Subsidiaries**  
**Consolidated Balance Sheets**  
**September 30, 2022 and 2021, And December 31, 2021**

Unit: NT\$ thousands

CODE	ASSETS	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
		Amount	%	Amount	%	Amount	%
	<b>Current assets</b>						
1100	Cash and cash equivalents (Note 6)	\$ 1,461,682	9	\$ 1,220,291	7	\$ 851,675	5
1110	Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	544,398	3	862,460	5	2,157,951	13
1136	Financial assets at amortized cost - current (Notes 9 and 29)	282,934	2	269,291	2	269,268	2
1150	Notes receivables (Note 10)	196,075	1	404,709	2	248,300	1
1170	Trade receivables (Notes 10 and 28)	1,225,668	7	1,638,291	10	2,290,155	13
1200	Other receivables (Note 10)	113,361	1	135,890	1	159,358	1
1210	Other receivables - related parties (Notes 10 and 28)	1,427	-	1,791	-	56,620	-
1220	Current income tax assets	308	-	-	-	15,941	-
1310	Inventories (Note 11)	2,726,331	17	3,102,691	18	2,225,207	13
1410	Prepayments	145,498	1	251,816	1	88,968	1
1470	Other current assets	<u>3,357</u>	<u>-</u>	<u>1,062</u>	<u>-</u>	<u>3,501</u>	<u>-</u>
11XX	Total current assets	<u>6,701,039</u>	<u>41</u>	<u>7,888,292</u>	<u>46</u>	<u>8,366,944</u>	<u>49</u>
	<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Note 8)	75,916	1	87,151	1	112,353	1
1550	Investments accounted for using the equity method (Note 13)	369,062	2	396,902	2	420,210	2
1600	Property, plant and equipment (Notes 14 and 28)	8,295,097	50	7,666,434	45	7,421,287	43
1755	Right-of-use assets (Notes 15 and 28)	134,424	1	156,057	1	152,829	1
1760	Investment properties (Note 16)	492,172	3	507,848	3	510,249	3
1840	Deferred income tax assets	359,528	2	228,381	2	215,401	1
1990	Other non-current assets (Note 29)	<u>44,166</u>	<u>-</u>	<u>44,250</u>	<u>-</u>	<u>48,106</u>	<u>-</u>
15XX	Total non-current assets	<u>9,770,365</u>	<u>59</u>	<u>9,087,023</u>	<u>54</u>	<u>8,880,435</u>	<u>51</u>
1XXX	Total Assets	<u>\$ 16,471,404</u>	<u>100</u>	<u>\$ 16,975,315</u>	<u>100</u>	<u>\$ 17,247,379</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>						
	<b>Current Liabilities</b>						
2100	Short-term borrowings (Note 17)	\$ 815,000	5	\$ 200,000	1	\$ -	-
2110	Short-term notes payable (Note 17)	199,954	1	-	-	119,987	1
2120	Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 7)	-	-	-	-	2,623	-
2170	Trade payables (Note 18)	1,005,651	6	676,836	4	1,475,133	9
2180	Trade payables - related parties (Notes 18 and 28)	86,176	-	237,498	1	115,999	1
2200	Other payables (Note 19)	779,358	5	1,018,080	6	1,578,081	9
2220	Other payables - related parties (Note 28)	17,382	-	15,197	-	432,041	2
2230	Current income tax liabilities	2,530	-	687,974	4	488,084	3
2280	Lease liability - current (Notes 15 and 28)	21,444	-	36,404	-	36,037	-
2300	Other current liabilities (Note 22)	<u>104,961</u>	<u>1</u>	<u>120,512</u>	<u>1</u>	<u>134,021</u>	<u>1</u>
21XX	Total current liabilities	<u>3,032,456</u>	<u>18</u>	<u>2,992,501</u>	<u>17</u>	<u>4,382,006</u>	<u>26</u>
	<b>Non-current liabilities</b>						
2540	Long-term borrowings (Note 17)	2,221,168	13	882,575	5	350,000	2
2570	Deferred income tax liabilities	603,020	4	594,632	4	596,182	3
2580	Lease liability - non-current (Notes 15 and 28)	117,537	1	124,307	1	121,243	1
2640	Net defined benefit liabilities	471,129	3	517,380	3	533,305	3
2670	Other non-current liabilities	<u>59,925</u>	<u>-</u>	<u>28,651</u>	<u>-</u>	<u>6,546</u>	<u>-</u>
25XX	Total non-current liabilities	<u>3,472,779</u>	<u>21</u>	<u>2,147,545</u>	<u>13</u>	<u>1,607,276</u>	<u>9</u>
2XXX	Total Liabilities	<u>6,505,235</u>	<u>39</u>	<u>5,140,046</u>	<u>30</u>	<u>5,989,282</u>	<u>35</u>
	<b>Equity attributable to owners of the Company (Note 21)</b>						
3110	Ordinary share capital	<u>5,810,505</u>	<u>35</u>	<u>5,810,505</u>	<u>34</u>	<u>5,810,505</u>	<u>33</u>
3200	Capital surplus	<u>11,966</u>	<u>-</u>	<u>12,002</u>	<u>-</u>	<u>10,575</u>	<u>-</u>
	Retained earnings						
3310	Legal reserve	1,117,245	7	870,332	5	870,332	5
3320	Special reserve	408,223	2	408,223	2	408,223	2
3350	Unappropriated earnings	<u>1,964,210</u>	<u>12</u>	<u>3,981,643</u>	<u>24</u>	<u>3,380,640</u>	<u>20</u>
3300	Total retained earnings	<u>3,489,678</u>	<u>21</u>	<u>5,260,198</u>	<u>31</u>	<u>4,659,195</u>	<u>27</u>
3400	Other equity	<u>77,750</u>	<u>1</u>	<u>80,272</u>	<u>1</u>	<u>135,604</u>	<u>1</u>
31XX	Total equity attributable to owners of the Company	<u>9,389,899</u>	<u>57</u>	<u>11,162,977</u>	<u>66</u>	<u>10,615,879</u>	<u>61</u>
36XX	Non-controlling interests	<u>576,270</u>	<u>4</u>	<u>672,292</u>	<u>4</u>	<u>642,218</u>	<u>4</u>
3XXX	Total equity	<u>9,966,169</u>	<u>61</u>	<u>11,835,269</u>	<u>70</u>	<u>11,258,097</u>	<u>65</u>
	Total Liabilities and Equity	<u>\$ 16,471,404</u>	<u>100</u>	<u>\$ 16,975,315</u>	<u>100</u>	<u>\$ 17,247,379</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(Please refer to Deloitte & Touche auditors' review report dated November 1, 2022)

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**China General Plastics Corporation and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the Three Months Ended September 30, 2022 and 2021 And For the Nine Months Ended September 30, 2022 and 2021**  
**(Reviewed, Not Audited)**

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

CODE		For the Three Months Ended September 30, 2022		For the Three Months Ended September 30, 2021		For the Nine Months Ended September 30, 2022		For the Nine Months Ended September 30, 2021	
		Amount	%	Amount	%	Amount	%	Amount	%
4100	Net revenue (Notes 22 and 28)	\$ 3,983,857	100	\$ 5,545,124	100	\$ 14,130,620	100	\$ 15,099,697	100
5110	Cost of revenue (Notes 11, 23, and 28)	4,567,644	114	4,492,094	81	13,714,174	97	11,263,610	74
5900	Gross profit (loss)	( 583,787)	( 14)	1,053,030	19	416,446	3	3,836,087	26
	Operating expenses (Notes 23 and 28)								
6100	Selling and marketing expenses	271,592	7	355,310	6	1,022,548	7	1,012,663	7
6200	General and administrative expenses	100,543	3	79,977	2	250,990	2	230,338	2
6300	Research and development expenses	17,481	-	20,724	-	53,729	-	58,307	-
6450	Expected credit losses	-	-	568	-	-	-	778	-
6000	Total operating expenses	389,616	10	456,579	8	1,327,267	9	1,302,086	9
6900	Profit (loss) from operations	( 973,403)	( 24)	596,451	11	( 910,821)	( 6)	2,534,001	17
	Non-operating income and expenses (Notes 13, 23, and 28)								
7100	Interest income	2,257	-	295	-	5,950	-	1,868	-
7010	Other income	25,232	-	40,049	-	300,833	2	71,880	-
7020	Other gains and losses	71,977	2	( 6,470)	-	175,417	1	( 127,819)	( 1)
7060	Share of profit (loss) of associates accounted for using the equity method	( 6,126)	-	4,946	-	8,811	-	14,221	-
7510	Interest expense	( 7,661)	-	( 1,674)	-	( 14,097)	-	( 2,998)	-
7000	Total non-operating income and expenses	85,679	2	37,146	-	476,914	3	( 42,848)	( 1)
7900	Profit (loss) before income tax	( 887,724)	( 22)	633,597	11	( 433,907)	( 3)	2,491,153	16
7950	Income tax (benefit) expense (Note 24)	( 175,252)	( 4)	113,447	2	( 133,683)	( 1)	490,943	3
8200	Net profit (loss) for the period	( 712,472)	( 18)	520,150	9	( 300,224)	( 2)	2,000,210	13
	Other comprehensive income (loss) (Notes 13, 21 and 24)								
	Items that will not be reclassified subsequently to profit or loss:								
8316	Unrealized gain (loss) on investments in equity instruments at FVTOCI	3,148	-	( 31,276)	( 1)	( 11,235)	-	( 17,675)	-
8326	Share of the other comprehensive income (loss) of associates accounted for using the equity method - unrealized gain (loss) on investments in equity instruments at FVTOCI	( 4,189)	-	32,007	1	( 37,179)	-	68,301	1
8310		( 1,041)	-	731	-	( 48,414)	-	50,626	1
	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translating the financial statements of foreign operations	26,436	1	( 1,292)	-	56,534	-	( 11,981)	-
8371	Share of the other comprehensive income (loss) of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations	173	-	( 120)	-	528	-	( 540)	-

(Continued)

CODE		For the Three Months Ended September 30, 2022		For the Three Months Ended September 30, 2021		For the Nine Months Ended September 30, 2022		For the Nine Months Ended September 30, 2021	
		Amount	%	Amount	%	Amount	%	Amount	%
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	( 5,287 )	-	258	-	( 11,307 )	-	2,396	-
8360		21,322	1	( 1,154 )	-	45,755	-	( 10,125 )	-
8300	Other comprehensive income (loss) for the period, net of income tax	20,281	1	( 423 )	-	( 2,659 )	-	40,501	1
8500	Total comprehensive income (loss) for the period	( \$ 692,191 )	( 17 )	\$ 519,727	9	( \$ 302,883 )	( 2 )	\$ 2,040,711	14
	Net profit (loss) attributable to:								
8610	Owners of the Company	( \$ 680,881 )	( 17 )	\$ 494,739	9	( \$ 317,894 )	( 2 )	\$ 1,868,124	12
8620	Non-controlling Interests	( 31,591 )	( 1 )	25,411	-	17,670	-	132,086	1
8600	Total comprehensive income (loss) attributable to:	( \$ 712,472 )	( 18 )	\$ 520,150	9	( \$ 300,224 )	( 2 )	\$ 2,000,210	13
	attributable to:								
8710	Owners of the Company	( \$ 660,652 )	( 16 )	\$ 494,124	9	( \$ 320,416 )	( 2 )	\$ 1,908,213	13
8720	Non-controlling Interests	( 31,539 )	( 1 )	25,603	-	17,533	-	132,498	1
8700	Total comprehensive income (loss) attributable to:	( \$ 692,191 )	( 17 )	\$ 519,727	9	( \$ 302,883 )	( 2 )	\$ 2,040,711	14
	Earnings (losses) per share (Note 25)								
9710	Basic	( \$ 1.17 )		\$ 0.85		( \$ 0.55 )		\$ 3.22	
9810	Diluted	( \$ 1.17 )		\$ 0.85		( \$ 0.55 )		\$ 3.21	

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.  
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**China General Plastics Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the Nine Months Ended September 30, 2022 and 2021**  
**(Reviewed, Not Audited)**

Unit: NT\$ thousands

		Equity attributable to owners of the Company								Other Equity					
		Capital surplus			Retained earnings					Exchange differences on translating the financial statements of foreign operations		Unrealized gain (loss) on financial assets at FVTOCI		Non-controlling Interests	Total equity
CODE		Ordinary share capital	Unpaid Dividends	Others	Total	Legal reserve	Special reserve	Unappropriated earnings	Total			Total	Total		
A1	Balance as of January 1, 2021	\$ 5,533,814	\$ 10,024	\$ 314	\$ 10,338	\$ 704,963	\$ 408,223	\$ 2,950,662	\$ 4,063,848	(\$ 43,259)	\$ 138,774	\$ 95,515	\$ 9,703,515	\$ 600,243	\$ 10,303,758
	Appropriation and distribution of earnings for 2020														
B1	Legal reserve	-	-	-	-	165,369	-	( 165,369)	-	-	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	( 996,086)	( 996,086)	-	-	-	( 996,086)	-	( 996,086)
B9	Share dividends distributed by the Company	276,691	-	-	-	-	-	( 276,691)	( 276,691)	-	-	-	-	-	-
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	( 87,619)	( 87,619)
C17	Other changes in capital surplus	-	( 14)	-	( 14)	-	-	-	-	-	-	-	( 14)	-	( 14)
M5	Acquisition of part of the equity of subsidiaries	-	-	251	251	-	-	-	-	-	-	-	251	( 2,904)	( 2,653)
D1	Net profit for the nine months ended September 30, 2021	-	-	-	-	-	-	1,868,124	1,868,124	-	-	-	1,868,124	132,086	2,000,210
D3	Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	-	-	-	( 10,125)	50,214	40,089	40,089	412	40,501
D5	Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	-	1,868,124	1,868,124	( 10,125)	50,214	40,089	1,908,213	132,498	2,040,711
Z1	Balance as of September 30, 2021	\$ 5,810,505	\$ 10,010	\$ 565	\$ 10,575	\$ 870,332	\$ 408,223	\$ 3,380,640	\$ 4,659,195	(\$ 53,384)	\$ 188,988	\$ 135,604	\$ 10,615,879	\$ 642,218	\$ 11,258,097
A1	Balance as of January 1, 2022	\$ 5,810,505	\$ 11,436	\$ 566	\$ 12,002	\$ 870,332	\$ 408,223	\$ 3,981,643	\$ 5,260,198	(\$ 52,461)	\$ 132,733	\$ 80,272	\$ 11,162,977	\$ 672,292	\$ 11,835,269
	Appropriation and distribution of earnings for 2021														
B1	Legal reserve	-	-	-	-	246,913	-	( 246,913)	-	-	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	( 1,452,626)	( 1,452,626)	-	-	-	( 1,452,626)	-	( 1,452,626)
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	( 113,555)	( 113,555)
C17	Other changes in capital surplus	-	( 36)	-	( 36)	-	-	-	-	-	-	-	( 36)	-	( 36)
D1	Net (loss) profit for the nine months ended September 30, 2022	-	-	-	-	-	-	( 317,894)	( 317,894)	-	-	-	( 317,894)	17,670	( 300,224)
D3	Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	-	-	45,755	( 48,277)	( 2,522)	( 2,522)	( 137)	( 2,659)
D5	Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	-	( 317,894)	( 317,894)	45,755	( 48,277)	( 2,522)	( 320,416)	17,533	( 302,883)
Z1	Balance as of September 30, 2022	\$ 5,810,505	\$ 11,400	\$ 566	\$ 11,966	\$ 1,117,245	\$ 408,223	\$ 1,964,210	\$ 3,489,678	(\$ 6,706)	\$ 84,456	\$ 77,750	\$ 9,389,899	\$ 576,270	\$ 9,966,169

The accompanying notes are an integral part of the consolidated financial statements.  
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**China General Plastics Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the Nine Months Ended September 30, 2022 and 2021**  
**(Reviewed, Not Audited)**

Unit: NT\$ thousands

<u>CODE</u>		<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2021</u>
	Cash flows from operating activities		
A10000	Profit (loss) before income tax	( \$ 433,907 )	\$ 2,491,153
A20010	Adjustments for:		
A20100	Depreciation expenses	516,845	508,553
A20200	Amortization expense	13,098	19,902
A20300	Expected credit losses	-	778
A20400	Net gain on fair value change on financial instruments at FVTPL	( 62,372 )	( 6,597 )
A20900	Interest expense	14,097	2,998
A21200	Interest income	( 5,950 )	( 1,868 )
A21300	Dividend income	( 5,617 )	( 23,060 )
A22300	Share of profit of associates accounted for using the equity method	( 8,811 )	( 14,221 )
A22500	(Gain) loss on disposal of property, plant and equipment	( 2,436 )	70,201
A22600	Property, plant and equipment transferred to expense	-	5,437
A23800	Provision for write-downs of inventories and obsolescence losses	418,915	4,525
A30000	Net changes in operating assets and liabilities		
A31115	Financial Instruments at FVTPL	380,434	( 628,626 )
A31130	Notes receivable	208,634	( 47,523 )
A31150	Trade receivables (including related parties)	434,198	( 591,181 )
A31180	Other receivables (including related parties)	23,163	( 87,210 )
A31200	Inventories	( 5,087 )	( 1,022,577 )
A31230	Prepayments	106,318	( 43,543 )
A31240	Other current assets	( 2,295 )	( 1,925 )
A32150	Trade payables (including related parties)	176,726	699,242
A32180	Other payables (including related parties)	( 240,101 )	157,121
A32230	Other current liabilities	( 15,551 )	38,802
A32240	Net defined benefit liabilities	( <u>46,251</u> )	( <u>39,676</u> )
A33000	Cash generated from operations	1,464,050	1,490,705
A33100	Interest received	5,677	2,066
A33300	Interest paid	( 8,114 )	( 2,788 )
A33500	Income tax paid	( <u>686,135</u> )	( <u>372,093</u> )
AAAA	Net cash generated from operating activities	<u>775,478</u>	<u>1,117,890</u>

(Continued)

<u>CODE</u>		<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2021</u>
	Cash flows from investing activities		
B00030	Return of capital from financial assets at FVTOCI	\$ -	\$ 10,449
B00040	Purchase of financial assets at amortized cost	( 505,847 )	( 478,514 )
B00050	Proceeds from sale of financial assets at amortized cost	492,204	478,470
B02700	Payments for property, plant and equipment	( 1,102,107 )	( 1,372,598 )
B02800	Proceeds from disposal of property, plant and equipment	6,552	19,974
B03700	Increase in refundable deposits	( 36,990 )	( 53,775 )
B03800	Decrease in refundable deposits	41,418	49,629
B04500	Acquisitions of intangible assets	( 192 )	-
B05400	Acquisition of investment properties	( 1,036 )	( 55 )
B06700	Increase in other non-current assets	( 17,209 )	( 23,356 )
B07600	Dividends received	<u>5,617</u>	<u>22,907</u>
BBBB	Net cash used in investing activities	<u>( 1,117,590 )</u>	<u>( 1,346,869 )</u>
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	615,000	-
C00500	Increase in short-term notes payable	199,954	119,987
C01600	Proceeds from long-term borrowings	2,421,800	450,000
C01700	Repayments of long-term borrowings	( 1,070,000 )	( 150,000 )
C03000	Proceeds from guarantee deposits received	13,464	2,322
C03100	Refunds of guarantee deposits received	( 840 )	( 354 )
C04020	Repayment of the principal portion of lease liabilities	( 26,624 )	( 25,770 )
C04300	Increase (decrease) in other non-current liabilities	( 8 )	46
C04500	Dividends paid	( 1,452,556 )	( 214 )
C05400	Acquisition of subsidiaries	-	( 2,653 )
C05800	Cash dividends paid on non-controlling interests	<u>( 113,572 )</u>	<u>( 87,619 )</u>
CCCC	Net cash generated from financing activities	<u>586,618</u>	<u>305,745</u>
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	<u>( 3,115 )</u>	<u>( 2,192 )</u>
EEEE	Net increase in cash and cash equivalents	241,391	74,574
E00100	Cash and cash equivalents at the beginning of the period	<u>1,220,291</u>	<u>777,101</u>
E00200	Cash and cash equivalents at the end of the period	<u>\$ 1,461,682</u>	<u>\$ 851,675</u> ( Concluded )

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

(Please refer to Deloitte & Touche auditors' review report dated November 1, 2022)

**Notice to Readers:**

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

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China General Plastics Corporation and Subsidiaries  
Notes to Consolidated Financial Report  
For the Nine Months Ended September 30, 2022 and 2021  
(Reviewed, Not Audited)  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Company History

China General Plastics Corporation ("the Company") was incorporated and began operations on April 29, 1964. The Company mainly engages in the production and sale of PVC films, PVC leather, PVC pipes, PVC compounds, PVC resins, construction products, chlor-alkali products and other related products.

The Company's ordinary shares have been listed on the Taiwan Stock Exchange since March 1973.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as "the Group") are presented in the Company's functional currency, the New Taiwan dollar (NT\$).

2. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements have been approved by the Board of Directors on November 1, 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 initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies.

(2) IFRSs endorsed by the FSC that are applicable in 2023

New/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments shall be applied for the annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for the recognition of deferred income tax on temporary differences between lease and decommissioning obligations on January 1, 2022, the amendments are applicable to transactions that occur after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's consolidated financial position and financial performance and will disclose the relevant impact when the assessment is completed.

(3) IFRSs that have been issued by IASB but not yet endorsed by the FSC

New/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	Yet to be decided
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2023

Note 1: Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

Note 2: The seller, who is also the lessee, should retrospectively apply the amendments to IFRS 16 for a sale and leaseback transaction entered into after the date of the initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's consolidated financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. Summary of Significant Accounting Policies

##### (1) Statement of compliance

The interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

##### (2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurement is classified into three levels based on the observability and importance of related inputs:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

##### (3) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. The total comprehensive income of subsidiaries is attributed to the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between

the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 12 and Tables 7 and 8 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

(4) Other significant accounting policies

Except for the following, for the accounting policies applied to these interim consolidated financial statements, please refer to the consolidated financial statements for the year ended December 31, 2021.

1) Defined benefit plan

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and significant plan amendments, settlements, or other significant one-off events.

2) Taxation

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

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

For the critical accounting judgments and key sources of estimation and uncertainty of the consolidated financial statements, please refer to the consolidated financial statements for the year ended December 31, 2021.

6. Cash and Cash Equivalents

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand and petty cash	\$ 587	\$ 416	\$ 528
Checking accounts and demand deposits	480,481	629,408	463,475
Cash equivalents			
Reverse repurchase agreements collateralized by bonds	499,634	89,982	-
Time deposits	480,980	500,485	387,672
	<u>\$ 1,461,682</u>	<u>\$ 1,220,291</u>	<u>\$ 851,675</u>

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

	September 30, 2022	December 31, 2021	September 30, 2021
Time deposits	1.01%-3.60%	0.07%-0.77%	0.06%-0.16%
Reverse repurchase agreements collateralized by bonds	0.92%-0.97%	0.37%	-

7. Financial Instruments at FVTPL

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets mandatorily classified as at FVTPL</u>			
Derivative financial assets (not under hedge accounting)			
— Foreign exchange forward contracts	\$ 22,880	\$ 4,079	\$ 3,411
Non-derivative financial assets			
— Mutual Funds	450,254	747,243	2,041,770
— Beneficiary securities	53,946	52,541	47,383
— Domestic listed equity investments	17,318	58,597	65,387
— Overseas unlisted equity investments	-	-	-
	<u>\$ 544,398</u>	<u>\$ 862,460</u>	<u>\$ 2,157,951</u>
<u>Financial liabilities held for trading</u>			
Derivative financial liabilities (not under hedge accounting)			
— Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,623</u>

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

	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (In Thousands)</u>		
<u>September 30, 2022</u>					
Buy	NTD/USD	2022.10.11-2022.12.13	NTD	472,658 /USD	15,640
<u>December 31, 2021</u>					
Buy	NTD/USD	2022.03.07	NTD	128,458 /USD	4,640
Sell	USD/NTD	2022.01.03-2022.03.30	USD	31,290 /NTD	870,183
<u>September 30, 2021</u>					
Buy	NTD/USD	2021.10.15-2021.12.20	NTD	942,404 /USD	33,910
Sell	USD/NTD	2021.10.01-2021.12.29	USD	27,710 /NTD	770,296

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. These contracts did not meet the criteria for hedge accounting. Therefore, the Group did not apply a hedge accounting treatment for these contracts.

8. Financial Assets at FVTOCI - Non-current

Investments in equity instruments at FVOCI

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Domestic equity investments			
Listed ordinary shares			
Asia Polymer Corporation	\$ 3,693	\$ 4,774	\$ 5,985
Unlisted ordinary share			
KHL IB Venture Capital Co., Ltd.	<u>72,223</u>	<u>82,377</u>	<u>106,368</u>
	<u>\$ 75,916</u>	<u>\$ 87,151</u>	<u>\$ 112,353</u>

In order to adjust its capital structure, in August 2021 and January 2021, the shareholders' meeting of KHL IB Venture Capital Co., Ltd. resolved to respectively reduce its ordinary shares by 50 shares and 130 shares per 1,000 shares, representing a refund of \$500 and \$1,300. In 2021, the Group received a capital refund of \$10,449 thousand.

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



9. Financial Assets at Amortized Cost - Current

	September 30, 2022	December 31, 2021	September 30, 2021
Domestic equity investments			
Pledged time deposits	<u>\$ 282,934</u>	<u>\$ 269,291</u>	<u>\$ 269,268</u>

As of September 30, 2022, December 31, 2021, and September 30, 2021, the interest rates for pledged time deposits ranged from 0.090%~1.155%, 0.040%~0.765% and 0.040%~0.765%.

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

10. Notes Receivable, Trade Receivables and Other Receivables

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 196,075</u>	<u>\$ 404,709</u>	<u>\$ 248,300</u>
<u>Trade receivables (including related parties)</u> (Note 28)			
At amortized cost			
Gross carrying amount	\$ 1,238,819	\$ 1,651,208	\$ 2,302,895
Less: Allowance for impairment loss	( <u>13,151</u> )	( <u>12,917</u> )	( <u>12,740</u> )
	<u>\$ 1,225,668</u>	<u>\$ 1,638,291</u>	<u>\$ 2,290,155</u>
<u>Other receivables (including related parties)</u> (Note 28)			
Tax refunds receivables	\$ 112,593	\$ 126,882	\$ 156,458
Others	<u>2,195</u>	<u>10,799</u>	<u>59,520</u>
	<u>\$ 114,788</u>	<u>\$ 137,681</u>	<u>\$ 215,978</u>

Notes/Trade Receivables

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

irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

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

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

The following table details the loss allowance of notes and trade receivables based on the Group's allowance matrix:

September 30, 2022

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	\$ 276,693	\$ 368,056	\$ 299,394	\$ 490,751	\$1,434,894
Loss allowance (lifetime ECLs)	-	( 3,651)	( 6,560)	( 2,940)	( 13,151)
Amortized cost	<u>\$ 276,693</u>	<u>\$ 364,405</u>	<u>\$ 292,834</u>	<u>\$ 487,811</u>	<u>\$1,421,743</u>

December 31, 2021

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	\$ 364,648	\$ 695,681	\$ 220,017	\$ 775,571	\$2,055,917
Loss allowance (lifetime ECLs)	-	( 6,728)	( 4,972)	( 1,217)	( 12,917)
Amortized cost	<u>\$ 364,648</u>	<u>\$ 688,953</u>	<u>\$ 215,045</u>	<u>\$ 774,354</u>	<u>\$2,043,000</u>

September 30, 2021

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	\$ 327,443	\$ 688,005	\$ 201,126	\$1,334,621	\$2,551,195
Loss allowance (lifetime ECLs)	-	( 5,890)	( 4,703)	( 2,147)	( 12,740)
Amortized cost	<u>\$ 327,443</u>	<u>\$ 682,115</u>	<u>\$ 196,423</u>	<u>\$1,332,474</u>	<u>\$2,538,455</u>

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

	September 30, 2022	December 31, 2021	September 30, 2021
Not past due	\$ 1,323,571	\$ 1,827,949	\$ 2,338,912
Less than and including 60 days	106,446	206,426	203,269
Over 60 days	4,877	21,542	9,014
	<u>\$ 1,434,894</u>	<u>\$ 2,055,917</u>	<u>\$ 2,551,195</u>

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

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

	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Balance at January 1	\$ 12,917	\$ 13,458
Add: Allowance of impairment loss for the period	-	778
Less: Amounts written off	( 88 )	( 1,435 )
Foreign exchange gains and losses	322	( 61 )
Balance at September 30	<u>\$ 13,151</u>	<u>\$ 12,740</u>

## 11. Inventories

	September 30, 2022	December 31, 2021	September 30, 2021
Finished goods	\$ 1,634,360	\$ 2,384,405	\$ 1,058,487
Work in progress	49,009	43,483	51,551
Raw materials	<u>1,042,962</u>	<u>674,803</u>	<u>1,115,169</u>
	<u>\$ 2,726,331</u>	<u>\$ 3,102,691</u>	<u>\$ 2,225,207</u>

The cost of inventories recognized as the cost of goods sold for the three months ended September 30, 2022 and 2021, and for the nine months ended September 30, 2022 and 2021 was \$4,567,644 thousand, \$4,492,094 thousand, \$13,714,174 thousand, and \$11,263,610 thousand, respectively. For the three months ended September 30, 2022 and 2021, and for the nine months ended September 30, 2022 and 2021, the costs of goods sold included provisions (reversal) of allowance for write-downs of inventories and obsolescence losses amounted to \$146,116 thousand, \$(3,125) thousand, \$418,915 thousand, and \$4,525 thousand, respectively. The reversal of inventory write-downs and obsolescence losses are resulted by the recovery of inventory prices.

## 12. Subsidiary

Subsidiaries included in the consolidated financial statements:

Investor Company	Subsidiary	Nature of Activities	Proportion of Ownership (%)			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
The Company	CGPC Polymer Corporation ("CGPCPOL")	Manufacturing and marketing of PVC resins	100.00%	100.00%	100.00%	Subsidiary (Note 1)
The Company	Taiwan VCM Corporation ("TVCM")	Manufacturing and marketing of VCM	87.27%	87.27%	87.27%	Subsidiary (Note 2)
The Company	CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	Reinvestment	100.00%	100.00%	100.00%	Subsidiary
The Company	CGPC America Corporation ("CGPC-America")	Marketing of PVC film and leather products	100.00%	100.00%	100.00%	Subsidiary
TVCM	Global Green Technology Corporation ("GGTC")	Environmental testing services	100.00%	-	-	Subsidiary of TVCM (Note 3)
CGPC (BVI)	Continental General Plastics (Zhong Shan) Co., Ltd. ("CGPC (ZS)")	Manufacturing and marketing of PVC film and consumer products	100.00%	100.00%	100.00%	Subsidiary of CGPC (BVI) (Note 4)
CGPC (BVI)	CGPC Consumer Products Corporation ("CGPC (CP)")	Manufacturing and marketing of PVC consumer products	100.00%	100.00%	100.00%	Subsidiary of CGPC (BVI) (Note 4)

- Note 1: On May 16, 2022, the shareholders' meeting executed by the board of directors of CGPCPOL by proxy resolved to re-capitalize earnings of \$200,000 thousand to issue 20,000 thousand new shares, with a record date set on July 1, 2022.
- Note 2: Based on the medium- and- long-term investment strategy, the Company acquired 157 thousand shares of TVCM from external shareholders from March to September 2021, with \$2,653 thousand, increasing its shareholding ratio in TVCM from 87.22% to 87.27%. On May 12, 2021, the shareholders' meeting of TVCM resolved to re-capitalize earnings of \$220,328 thousand to issue 22,033 thousand new shares, with a record date set on July 2, 2021.
- Note 3: TVCM's bidding for future pollution remediation, testing and other related businesses and public works/public agency projects are specially handed over to independent companies for handling. TVCM invested and established GGTC as a single legal person shareholder with the investment price of \$50,000 thousand to obtain 100% equity. This case was approved and registered by the competent authority on February 11, 2022 with a registered capital of \$168,880 thousand.
- Note 4: The board of directors of the Company passed a resolution in October 2011 to dissolve CGPC (ZS) and CGPC (CP). The Company has considered that its discontinued operations was resumed its operating substance, and, therefore, the Company reclassified the discontinued operations as continuing operations since 2021 after an assessment.

Except for the financial statements of TVCM and CGPCPOL, the financial statements of other non-significant subsidiaries included in the consolidated financial statements were not reviewed by the auditors.

13. Investment Accounted for Equity Method

Investments in associates that are not individually material

	September 30, 2022	December 31, 2021	September 30, 2021
Listed companies			
Acme Electronics Corporation ("ACME")	\$ 24,222	\$ 23,171	\$ 22,734
Unlisted companies			
China General Terminal & Distribution Corporation ("CGTD")	344,840	373,731	397,476
	<u>\$ 369,062</u>	<u>\$ 396,902</u>	<u>\$ 420,210</u>

Aggregate information of associates that are not individually material

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
The Group's share of:				
Profit (loss) for the current period	(\$ 6,126)	\$ 4,946	\$ 8,811	\$ 14,221
Other comprehensive income	( 4,016)	31,887	( 36,651)	67,761
Total comprehensive income	<u>(\$ 10,142)</u>	<u>\$ 36,833</u>	<u>( \$ 27,840)</u>	<u>\$ 81,982</u>

Company name	September 30, 2022	December 31, 2021	September 30, 2021
ACME	1.74%	1.74%	1.74%
CGTD	33.33%	33.33%	33.33%

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

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

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

Company name	September 30, 2022	December 31, 2021	September 30, 2021
ACME	<u>\$ 93,057</u>	<u>\$ 169,917</u>	<u>\$ 138,633</u>

Except for those of ACME, the Group's investments accounted for using the equity method and its share of profit or loss and other comprehensive income or loss for the nine months ended September 30, 2022 and 2021 were not reviewed by auditors.

## 14. Property, Plant and Equipment

	Freehold Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress and Machinery in Transit	Total
<u>Cost</u>							
Balance as of January 1, 2022	\$ 2,090,707	\$ 1,782,011	\$ 10,676,713	\$ 69,670	\$ 396,761	\$ 2,592,135	\$ 17,607,997
Additions	-	-	37	-	137	1,101,088	1,101,262
Disposal	-	( 652 )	( 221,547 )	( 3,427 )	( 5,235 )	-	( 230,861 )
Reclassification	-	24,571	477,577	6,119	32,179	( 540,446 )	-
Effect of foreign currency exchange differences	-	57	1,582	257	707	13	2,616
Balance as of September 30, 2022	<u>\$ 2,090,707</u>	<u>\$ 1,805,987</u>	<u>\$ 10,934,362</u>	<u>\$ 72,619</u>	<u>\$ 424,549</u>	<u>\$ 3,152,790</u>	<u>\$ 18,481,014</u>
<u>Accumulated depreciation and impairment</u>							
Balance as of January 1, 2022	\$ -	\$ 1,059,353	\$ 8,515,016	\$ 52,591	\$ 314,183	\$ 420	\$ 9,941,563
Depreciation expenses	-	51,901	392,383	5,153	19,415	-	468,852
Disposal	-	( 652 )	( 217,451 )	( 3,427 )	( 5,215 )	-	( 226,745 )
Effect of foreign currency exchange differences	-	57	1,420	196	560	14	2,247
Balance as of September 30, 2022	<u>\$ -</u>	<u>\$ 1,110,659</u>	<u>\$ 8,691,368</u>	<u>\$ 54,513</u>	<u>\$ 328,943</u>	<u>\$ 434</u>	<u>\$ 10,185,917</u>
Net amount as of September 30, 2022	<u>\$ 2,090,707</u>	<u>\$ 695,328</u>	<u>\$ 2,242,994</u>	<u>\$ 18,106</u>	<u>\$ 95,606</u>	<u>\$ 3,152,356</u>	<u>\$ 8,295,097</u>
<u>Cost</u>							
Balance as of January 1, 2021	\$ 2,090,707	\$ 1,731,563	\$ 10,492,526	\$ 68,699	\$ 399,588	\$ 1,346,787	\$ 16,129,870
Additions	-	-	-	-	214	1,413,482	1,413,696
Disposal	-	( 1,015 )	( 257,335 )	-	( 9,802 )	( 7,396 )	( 275,548 )
Reclassification	-	45,784	224,953	-	3,504	( 285,693 )	( 11,452 )
Effect of foreign currency exchange differences	-	( 5 )	( 339 )	( 60 )	( 127 )	( 8 )	( 539 )
Balance as of September 30, 2021	<u>\$ 2,090,707</u>	<u>\$ 1,776,327</u>	<u>\$ 10,459,805</u>	<u>\$ 68,639</u>	<u>\$ 393,377</u>	<u>\$ 2,467,172</u>	<u>\$ 17,256,027</u>
<u>Accumulated depreciation and impairment</u>							
Balance as of January 1, 2021	\$ -	\$ 994,562	\$ 8,213,075	\$ 45,866	\$ 298,312	\$ 7,818	\$ 9,559,633
Depreciation expenses	-	48,739	386,396	5,104	20,975	-	461,214
Disposal	-	( 1,014 )	( 167,180 )	-	( 9,783 )	( 7,396 )	( 185,373 )
Effect of foreign currency exchange differences	-	( 8 )	( 583 )	( 43 )	( 93 )	( 7 )	( 734 )
Balance as of September 30, 2021	<u>\$ -</u>	<u>\$ 1,042,279</u>	<u>\$ 8,431,708</u>	<u>\$ 50,927</u>	<u>\$ 309,411</u>	<u>\$ 415</u>	<u>\$ 9,834,740</u>
Net amount as of September 30, 2021	<u>\$ 2,090,707</u>	<u>\$ 734,048</u>	<u>\$ 2,028,097</u>	<u>\$ 17,712</u>	<u>\$ 83,966</u>	<u>\$ 2,466,757</u>	<u>\$ 7,421,287</u>

The additions to the construction in progress and machinery to be inspected during the current period were mainly due to the civil engineering works of the Company's plant and warehouse and terminal facilities and the back-line land works of the petrochemical oil storage and transportation center of the subsidiary, TVCM, for phase II of the Port of Kaohsiung Intercontinental Container Terminal.

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

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

No impairment loss was recognized or reversed for the nine months ended September 30, 2022 and 2021.

15. Lease Arrangements

(1) Right-of-use assets

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amount of right-of-use assets			
Land	\$ 130,675	\$ 142,776	\$ 136,277
Buildings	1,470	4,164	5,156
Machinery and Equipment	<u>2,279</u>	<u>9,117</u>	<u>11,396</u>
	<u>\$ 134,424</u>	<u>\$ 156,057</u>	<u>\$ 152,829</u>

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Additions of right-of-use assets			<u>\$ 4,512</u>	<u>\$ -</u>
Depreciation expense of right-of-use assets				
Land	\$ 5,613	\$ 5,358	\$ 16,613	\$ 16,067
Buildings	1,055	967	3,049	2,923
Machinery and Equipment	<u>2,279</u>	<u>2,279</u>	<u>6,838</u>	<u>6,838</u>
	<u>\$ 8,947</u>	<u>\$ 8,604</u>	<u>\$ 26,500</u>	<u>\$ 25,828</u>

Except for the above-mentioned additions and the recognition of depreciation expenses, the Group's right-of-use assets did not experience significant sublease and impairment for the nine months ended September 30, 2022 and 2021.

(2) Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amount of lease liabilities			
Current	<u>\$ 21,444</u>	<u>\$ 36,404</u>	<u>\$ 36,037</u>
Non-current	<u>\$ 117,537</u>	<u>\$ 124,307</u>	<u>\$ 121,243</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Land	0.8244%- 1.2750%	0.8244%- 1.0392%	0.8244%- 1.0392%
Buildings	1.0392%	1.0392%	1.0392%
Machinery and Equipment	1.0392%	1.0392%	1.0392%

(3) Material lease activities and contractual terms and conditions

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

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

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

(4) Other lease information

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Expenses relating to short-term leases	<u>\$ 3,470</u>	<u>\$ 3,019</u>	<u>\$ 9,842</u>	<u>\$ 8,433</u>
Expenses relating to low-value asset leases	<u>\$ -</u>	<u>\$ 177</u>	<u>\$ -</u>	<u>\$ 505</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 22,032</u>	<u>\$ 11,325</u>	<u>\$ 61,132</u>	<u>\$ 30,419</u>
Total cash outflow for leases			( <u>\$ 98,754</u> )	( <u>\$ 66,464</u> )

The Group has elected to apply the exemptions to recognize the leases of land, buildings, transportation equipment, and office equipment that eligible for short-term leases and low-value asset leases so no corresponding right-of-use assets and lease liabilities are recognized for these leases.



16. Investment Property

	September 30, 2022	December 31, 2021	September 30, 2021
Land	\$ 117,722	\$ 116,686	\$ 113,443
Building and improvements - net	288,932	305,673	311,163
Right-of-use assets - net	<u>85,518</u>	<u>85,489</u>	<u>85,643</u>
	<u>\$ 492,172</u>	<u>\$ 507,848</u>	<u>\$ 510,249</u>

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

CGPC (ZS), a subsidiary of CGPC (BVI), which is a subsidiary of the Group, leases land located in Huoju Development Zone, Zhongshan City, Guangdong Province and sub-leases to other companies under operating leases. The corresponding right-of-use assets are accounted for as investment properties.

The total amount of lease payments to be collected in the future for investment property as operating lease as of September 30, 2022, December 31, 2021, and September 30, 2021 is as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Year 1	\$ 44,009	\$ 38,389	\$ 32,312
Year 2	16,805	25,649	22,300
Year 3	10,970	10,983	11,144
Year 4	10,970	10,776	10,776
Year 5	10,970	10,776	10,776
Over 5 years	<u>19,197</u>	<u>26,940</u>	<u>29,634</u>
	<u>\$ 112,921</u>	<u>\$ 123,513</u>	<u>\$ 116,942</u>

Except for the recognition of depreciation expense, the Group's investment properties did not experience significant additions, disposals, and impairments for the nine months ended September 30, 2022 and 2021.

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

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

## 17. Borrowings

### (1) Short-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Unsecured borrowings</u>			
Bank loans	<u>\$ 815,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>
The range of interest rate	1.250%-1.480%	0.740%	-

### (2) Short-term notes payable

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Commercial note payable</u>	\$ 200,000	\$ -	\$ 120,000
Less: Discount on short-term notes payable	( <u>46</u> )	-	( <u>13</u> )
	<u>\$ 199,954</u>	<u>\$ -</u>	<u>\$ 119,987</u>
The range of interest rate	1.110%-1.112%	-	0.798%

### (3) Long-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Unsecured borrowings</u>			
Bank loans	<u>\$ 2,221,168</u>	<u>\$ 882,575</u>	<u>\$ 350,000</u>
The range of interest rate	0.629%-1.800%	0.100%-0.290%	0.820%-0.850%

In order to enrich medium- and- long-term working capital, the Company entered into a medium- and- long-term credit contracts with banks, with a credit limit of \$1,100,000 thousand and a credit period due in March 2025 and onwards. Any revolving drawdown within the credit limit can be made before the expiration dates of the contracts. As of September 30, 2022, it has made drawdowns of \$300,000 thousand.

Based on “Action Plan for Accelerated Investment by Domestic Corporations”, the Company obtained a low-interest bank loan of \$646,400 thousand, and it recognized and measured the loan according to the market interest rate of 1.350%-1.500% while the difference between the actual interest paid and the preferential interest rate of 0.850%-1.000% shall be treated as government subsidies. As of September 30, 2022, it has made drawdowns of \$389,400 thousand.

In order to enrich medium- and- long-term working capital, CGPCPOL entered into a medium- and- long-term credit contracts with banks, with a total credit limit of

\$1,000,000 thousand and credit periods due by August 2023 and onwards. Any revolving drawdown within the credit limit can be made before the expiration dates of the contracts. However, CGPCPOL had respectively canceled a credit facility of \$200,000 thousand and \$500,000 thousand in January 2022 and August 2021, respectively. As of September 30, 2022, it has not made any drawdown from its credit limit.

In order to enrich medium- and- long-term working capital, TVCM entered into a medium- and- long-term credit contracts with banks, with a credit limit of \$300,000 thousand and a credit period due by November 2025 and onwards. Any revolving drawdown within the credit limit can be made before the expiration dates of the contracts. As of September 30, 2022, it has not made any drawdown.

Based on “Action Plan for Accelerated Investment by SMEs”, TVCM obtained a low-interest bank loan of \$2,977,400 thousand, and it recognized and measured the loan according to the market interest rate of 1.329%-1.800% while the difference between the actual interest paid and the preferential interest rate of 0.629%-0.790% shall be treated as government subsidies. As of September 30, 2022, it has made drawdowns of \$1,562,600 thousand.

Some of the Group’s credit contracts stipulate that the current ratio and debt ratio as stated on the financial statements shall not be less than a certain percentage, and that if such a percentage fails to be met, the Group shall propose improvement measures to the bank concerned. As of September 30, 2022, the Group has not defaulted on any of the aforementioned financial ratios.

18. Trade Payables

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Trade payables (including related parties) (Note 28)</u>			
Operating	<u>\$ 1,091,827</u>	<u>\$ 914,334</u>	<u>\$ 1,591,132</u>

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

19. Other Payables - Non-Related Parties

	September 30, 2022	December 31, 2021	September 30, 2021
Payables for salaries or bonuses	177,370	464,418	423,786
Payables for purchases of equipment	168,874	169,719	88,345
Payables for utilities and fuel fees	130,637	127,285	124,759
Payables for freight	85,531	91,462	170,090
Miscellaneous tax payable	9,815	36,617	35,769
Dividends payable	8,857	8,666	611,620
Others	198,274	119,913	123,712
	<u>\$ 779,358</u>	<u>\$ 1,018,080</u>	<u>\$ 1,578,081</u>

20. Retirement Benefit Plans

Pension expense in respect of the Group's defined benefit retirement plans was calculated using the actuarially determined pension cost rate at the end of the prior fiscal year which was stated in the respective actuarial report as of December 31, 2021 and 2020; the employee pension expense for the three months ended September 30, 2022 and 2021, and for the nine months ended September 30, 2022 and 2021 were \$3,101 thousand, \$3,842 thousand, \$9,304 thousand, and \$11,527 thousand, respectively. Under the defined benefit plans adopted by the Group, the Company and TVCM contribute amounts equal to 10% of total monthly salaries and wages of employees to a pension fund administered by the pension fund monitoring committee.

The Group contributed \$55,555 thousand and \$51,188 thousand for the nine months ended September 30, 2022 and 2021, respectively, to the pension fund account with the Bank of Taiwan, which was designated by the Supervisory Committee of Workers' Pension Preparation Fund.

21. Equity

(1) Ordinary share capital

	September 30, 2022	December 31, 2021	September 30, 2021
Number of shares authorized (in thousands)	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>
Share capital authorized	<u>\$ 6,500,000</u>	<u>\$ 6,500,000</u>	<u>\$ 6,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>581,050</u>	<u>581,050</u>	<u>581,050</u>
Issued ordinary share capital	<u>\$ 5,810,505</u>	<u>\$ 5,810,505</u>	<u>\$ 5,810,505</u>

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

(2) Capital surplus

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

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

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

(3) Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation, where the Company makes a net income in a fiscal year, the profit shall be used first for offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The shareholders' meeting may retain part or all of such earnings depending on the operating circumstances. The industry that the Company operates in is in the maturity stage. Consequently, in order to take R&D needs and diversification into consideration, shareholders' dividends shall not be less than 10% of the distributable earnings in the current year, of which the cash dividends shall not be less than 10% of the total dividends. However, if the distributable earnings of the year is less than \$0.1 per share, it shall not be distributed. For the policies on the distribution of employees' compensation and remuneration of directors after amendment, refer to "Employees' compensation and remuneration of directors" in Note 23(7).

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

The shareholders' meetings approved the earnings distribution proposal for years ended December 31, 2021 and 2020 on May 30, 2022 and July 27, 2021 as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2021	2020	2021	2020
Legal reserve	\$ 246,913	\$ 165,369		
Cash dividends	1,452,626	996,086	\$ 2.5	\$ 1.8
Share dividends	-	276,691	-	0.5

(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 September 30, 2022, such amount was no change.

(5) Other equity

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

	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Balance at January 1	(\$ 52,461)	(\$ 43,259)
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	56,534	( 11,981)
Share of exchange of differences associates accounted for using the equity method	528	( 540)
Related income tax	( 11,307)	2,396
Balance at September 30	(\$ 6,706)	(\$ 53,384)

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

	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Balance at January 1	\$ 132,733	\$ 138,774
Recognized for the period		
Unrealized gain (loss)		
equity instruments	( 11,098 )	( 18,087 )
Share of exchange of		
differences associates		
accounted for using the		
equity method	( 37,179 )	68,301
Balance at September 30	<u>\$ 84,456</u>	<u>\$ 188,988</u>

22. Revenue

(1) Revenue from contracts with customers

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Revenue from the sale of				
goods				
PVC products	\$ 3,675,604	\$ 5,188,389	\$13,407,556	\$14,553,616
VCM products	<u>308,253</u>	<u>356,735</u>	<u>723,064</u>	<u>546,081</u>
	<u>\$ 3,983,857</u>	<u>\$ 5,545,124</u>	<u>\$14,130,620</u>	<u>\$15,099,697</u>

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

Refer to Note 33 for information about revenue from contracts with customers.

(2) Contract balances

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

	September 30, 2022	December 31, 2021	September 30, 2021	January 1, 2021
Contract liabilities				
(presented in other				
current liabilities)	<u>\$ 59,882</u>	<u>\$ 76,557</u>	<u>\$ 43,081</u>	<u>\$ 64,270</u>

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

(3) Refunds liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
Refunds liabilities (presented in other current liabilities)	<u>\$ 18,322</u>	<u>\$ 21,833</u>	<u>\$ 27,652</u>

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

23. Net Profit (Loss) for the Period

(1) Interest income

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Interest income				
Bank deposits	\$ 1,178	\$ 191	\$ 2,568	\$ 646
Financial assets at FVTPL	-	-	1,110	902
Financial assets at amortized cost	212	73	396	230
Others	<u>867</u>	<u>31</u>	<u>1,876</u>	<u>90</u>
	<u>\$ 2,257</u>	<u>\$ 295</u>	<u>\$ 5,950</u>	<u>\$ 1,868</u>

(2) Other income

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Indemnity income	\$ 21	\$ 450	\$ 240,501	\$ 483
Rental income	12,701	12,176	37,529	35,030
Others	<u>12,510</u>	<u>27,423</u>	<u>22,803</u>	<u>36,367</u>
	<u>\$ 25,232</u>	<u>\$ 40,049</u>	<u>\$ 300,833</u>	<u>\$ 71,880</u>



(3) Other gains and losses

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Gain (loss) on disposal of property, plant and equipment	\$ 564	\$ 1,553	\$ 2,436	(\$ 70,201)
Gross foreign exchange gains	102,430	32,480	292,506	96,857
Gross foreign exchange losses	( 63,601 )	( 21,379 )	( 150,894 )	( 131,892 )
Net gain (loss) on fair value change on financial instruments at FVTPL	43,298	( 7,857 )	62,372	6,597
Depreciation expenses from investment properties	( 6,996 )	( 7,144 )	( 21,493 )	( 21,511 )
Depreciation expenses of property, plant and equipment	( 1,011 )	-	( 1,011 )	-
Others	( 2,707 )	( 4,123 )	( 8,499 )	( 7,669 )
	<u>\$ 71,977</u>	<u>(\$ 6,470)</u>	<u>\$ 175,417</u>	<u>(\$ 127,819)</u>

(4) Interest expense

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Interest on bank loans	\$ 7,446	\$ 1,251	\$ 13,166	\$ 1,661
Interest on lease liabilities	372	423	1,156	1,337
Less: Capitalized interest (presented under construction in progress)	( 157 )	-	( 225 )	-
	<u>\$ 7,661</u>	<u>\$ 1,674</u>	<u>\$ 14,097</u>	<u>\$ 2,998</u>

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

	For the Three Months Ended September 30, 2022	For the Nine Months Ended September 30, 2022
Capitalized interest	\$ 157	\$ 225
Capitalization rate	0.725%-0.875%	0.500%-0.875%

(5) Depreciation and amortization

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Property, Plant and Equipment	\$ 157,220	\$ 153,957	\$ 468,852	\$ 461,214
Right-of-use assets	8,947	8,604	26,500	25,828
Investment property	6,996	7,144	21,493	21,511
Intangible assets	16	-	43	61
Others	<u>4,970</u>	<u>3,856</u>	<u>13,055</u>	<u>19,841</u>
	<u>\$ 178,149</u>	<u>\$ 173,561</u>	<u>\$ 529,943</u>	<u>\$ 528,455</u>
An analysis of depreciation by function				
Operating costs	\$ 159,670	\$ 157,157	\$ 478,369	\$ 470,736
Operating expenses	5,486	5,404	15,972	16,306
Other gains and losses	<u>8,007</u>	<u>7,144</u>	<u>22,504</u>	<u>21,511</u>
	<u>\$ 173,163</u>	<u>\$ 169,705</u>	<u>\$ 516,845</u>	<u>\$ 508,553</u>
An analysis of amortization by function				
Operating costs	\$ 4,970	\$ 3,856	\$ 13,055	\$ 19,841
General and administrative expenses	<u>16</u>	<u>-</u>	<u>43</u>	<u>61</u>
	<u>\$ 4,986</u>	<u>\$ 3,856</u>	<u>\$ 13,098</u>	<u>\$ 19,902</u>

(6) Employee benefits expense

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Post-employment benefits (Note 20)				
Defined contribution plans	\$ 7,939	\$ 7,517	\$ 23,619	\$ 22,158
Defined benefit plans	<u>3,101</u>	<u>3,842</u>	<u>9,304</u>	<u>11,527</u>
	11,040	11,359	32,923	33,685
Other employee benefits	<u>248,103</u>	<u>326,471</u>	<u>778,929</u>	<u>1,014,881</u>
Total employee benefits expenses	<u>\$ 259,143</u>	<u>\$ 337,830</u>	<u>\$ 811,852</u>	<u>\$ 1,048,566</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 201,553	\$ 261,053	\$ 640,354	\$ 821,427
Operating expenses	<u>57,590</u>	<u>76,777</u>	<u>171,498</u>	<u>227,139</u>
	<u>\$ 259,143</u>	<u>\$ 337,830</u>	<u>\$ 811,852</u>	<u>\$ 1,048,566</u>

(7) The remuneration of employees and directors

The Company accrued remuneration of employees and directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

For the three months ended September 30, 2022, and for the nine months ended September 30, 2022, the remuneration of employees and directors were not accrued due to the deficit.

For the three months ended September 30, 2021, and for the nine months ended September 30, 2021, the remuneration of employees and directors were as follows:

Accrual rate

	<u>For the Nine Months Ended September 30, 2021</u>
Remuneration of Employees	1%
Remuneration of Directors	-

Amount

	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Three Months Ended September 30, 2021</u>	<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2021</u>
Remuneration of Employees	( \$ <u>3,906</u> )	\$ <u>5,346</u>	\$ <u>-</u>	\$ <u>20,025</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate. The remuneration of employees and directors for 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:

Amount of Cash

	<u>2021</u>	<u>2020</u>
Remuneration of Employees	\$ <u>26,485</u>	\$ <u>17,034</u>

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

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

## 24. Taxation

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

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

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Current tax				
In respect of the current period	(\$ 66,485)	\$ 114,868	\$ 4,806	\$ 491,001
Adjustments for prior periods	<u>-</u>	<u>( 213 )</u>	<u>( 4,423 )</u>	<u>( 4,972 )</u>
	<u>( 66,485 )</u>	<u>114,655</u>	<u>383</u>	<u>486,029</u>
Deferred tax				
In respect of the current period	( 108,767 )	( 1,208 )	( 134,763 )	4,158
Adjustments for prior periods	<u>-</u>	<u>-</u>	<u>697</u>	<u>756</u>
	<u>( 108,767 )</u>	<u>( 1,208 )</u>	<u>( 134,066 )</u>	<u>4,914</u>
Income tax expenses (benefits) recognized in profit or loss	<u>( \$ 175,252 )</u>	<u>\$ 113,447</u>	<u>( \$ 133,683 )</u>	<u>\$ 490,943</u>

### (2) Income tax recognized in other comprehensive income

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
<u>Deferred tax</u>				
Recognized for the period				
- Translation of foreign operations	<u>( \$ 5,287 )</u>	<u>\$ 258</u>	<u>( \$ 11,307 )</u>	<u>\$ 2,396</u>

### (3) Income tax assessments

The income tax returns of the Company, CGPCPOL and TVCM through 2020 have been assessed by the tax authorities.

## 25. Earnings (Losses) Per Share

	Unit: NT\$ Per Share			
	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Basic earnings (losses) per share	( \$ <u>1.17</u> )	\$ <u>0.85</u>	( \$ <u>0.55</u> )	\$ <u>3.22</u>
Diluted earnings (losses) per share	( \$ <u>1.17</u> )	\$ <u>0.85</u>	( \$ <u>0.55</u> )	\$ <u>3.21</u>

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

### Net profit (loss) for the period

	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
The net profit (loss) used to calculate basic and diluted earnings (losses) per share	( \$ <u>680,881</u> )	\$ <u>494,739</u>	( \$ <u>317,894</u> )	\$ <u>1,868,124</u>

### Shares

	Unit: Thousands of shares			
	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Weighted average number of ordinary shares used to calculate basic earnings (losses) per share	581,050	581,050	581,050	581,050
Effect of potentially dilutive ordinary shares:				
Remuneration of Employees	<u>-</u>	<u>433</u>	<u>-</u>	<u>561</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>581,050</u>	<u>581,483</u>	<u>581,050</u>	<u>581,611</u>

If the Group offered to settle remuneration paid to employees in cash or shares, the Group assumed the entire amount of the remuneration would be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. For the three months ended September 30, 2022, and for the nine months ended September 30, 2022,

the number of shares issued for employee compensation had an anti-dilution effect due to the status of loss so it was not included.

26. Capital Management

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

27. Financial Instruments

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

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

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

1) Fair value hierarchy

September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 22,880	\$ -	\$ 22,880
Mutual Funds	450,254	-	-	450,254
Beneficiary securities	53,946	-	-	53,946
Investments in equity instruments				
– Domestic listed equity investments	17,318	-	-	17,318
– Overseas unlisted equity investments	-	-	-	-
	<u>\$ 521,518</u>	<u>\$ 22,880</u>	<u>\$ -</u>	<u>\$ 544,398</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
– Domestic listed equity investments	\$ 3,693	\$ -	\$ -	\$ 3,693
– Domestic unlisted equity investments	-	-	72,223	72,223
	<u>\$ 3,693</u>	<u>\$ -</u>	<u>\$ 72,223</u>	<u>\$ 75,916</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 4,079	\$ -	\$ 4,079
Mutual Funds	747,243	-	-	747,243
Beneficiary securities	52,541	-	-	52,541
Investments in equity instruments				
– Domestic listed equity investments	58,597	-	-	58,597
– Overseas unlisted equity investments	-	-	-	-
	<u>\$ 858,381</u>	<u>\$ 4,079</u>	<u>\$ -</u>	<u>\$ 862,460</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
– Domestic listed equity investments	\$ 4,774	\$ -	\$ -	\$ 4,774
– Domestic unlisted equity investments	-	-	82,377	82,377
	<u>\$ 4,774</u>	<u>\$ -</u>	<u>\$ 82,377</u>	<u>\$ 87,151</u>

September 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 3,411	\$ -	\$ 3,411
Mutual Funds	2,041,770	-	-	2,041,770
Beneficiary securities	47,383	-	-	47,383
Investments in equity instruments				
– Domestic listed equity investments	65,387	-	-	65,387
– Overseas unlisted equity investments	-	-	-	-
	<u>\$2,154,540</u>	<u>\$ 3,411</u>	<u>\$ -</u>	<u>\$2,157,951</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
– Domestic listed equity investments	\$ 5,985	\$ -	\$ -	\$ 5,985
– Domestic unlisted equity investments	-	-	106,368	106,368
	<u>\$ 5,985</u>	<u>\$ -</u>	<u>\$ 106,368</u>	<u>\$ 112,353</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	\$ -	\$ 2,623	\$ -	\$ 2,623

There were no transfers between Levels 1 and 2 fair value measurement for the nine months ended September 30, 2022 and 2021.

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

For the Nine Months Ended September 30, 2022

	Financial assets at FVTOCI
	<hr/>
Balance at January 1, 2022	\$ 82,377
Components recognized in other comprehensive income	( 10,154 )
Balance at September 30, 2022	<u>\$ 72,223</u>

For the Nine Months Ended September 30, 2021

	Financial assets at FVTOCI
	<hr/>
Balance at January 1, 2021	\$ 137,731
Components recognized in other comprehensive income	( 20,914 )
Return of capital	( 10,449 )
Balance at September 30, 2021	<u>\$ 106,368</u>

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

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

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

To determine the fair value for Level 3 financial instruments, the Group's financial department conducts independent fair value verification using independent resources so as to better reflect the market conditions, as well as periodically reviewing the valuation results in order to guarantee the rationality of the measurement. For unlisted domestic equity investments, the Group utilizes the asset approach and takes into account the most recent net asset value, observable financial status as well as the financing activities of investees in order to determine their net asset value. The unobservable input used was a discount for the lack of marketability of 15% on September 30, 2022, December 31, 2021, and September 30, 2021. When other inputs remain unchanged, the fair value will decrease by \$850 thousand, \$969 thousand, and \$1,251 thousand, respectively if the discount for lack of marketability increases by 1%.



(3) Categories of financial instruments

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified at FVTPL	\$ 544,398	\$ 862,460	\$ 2,157,951
Financial assets at amortized cost			
Cash and Cash			
Equivalents	1,461,682	1,220,291	851,675
Pledged time deposits	282,934	269,291	269,268
Notes receivable	196,075	404,709	248,300
Trade receivables (including related parties)	1,225,668	1,638,291	2,290,155
Other receivables (including related parties and excluding tax refund receivable)	2,195	10,799	59,520
Refundable deposits	25,542	29,929	29,926
Financial assets at FVTOCI			
— Equity instruments	75,916	87,151	112,353
<u>Financial liabilities</u>			
Financial liabilities at FVTPL-Held for trading			
	-	-	2,623
Financial liabilities measured at amortized cost			
Short-term notes payable			
	199,954	-	119,987
Short-term borrowings			
	815,000	200,000	-
Trade payables (including related parties)			
	1,091,827	914,334	1,591,132
Other payables (Note)			
	609,555	532,242	1,550,567
Long-term borrowings			
	2,221,168	882,575	350,000
Guarantee deposits			
	22,351	9,615	6,153

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

(4) Financial risk management objectives and policies

The Group's conduct of risk control and hedging strategy is influenced by the operational environment. The Group monitors and manages the financial risk by business nature and

risk dispersion. These risks include market risk (including foreign currency risk, interest rate risk and other price risks), credit risk and liquidity risk.

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 31.

Sensitivity analysis

The Company's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 3% strengthening/weakening of the functional currency against USD, the net income (loss) before tax for the nine months ended September 30, 2022 and 2021 would have increased/decreased by \$11,239 thousand and \$35,121 thousand, respectively.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign currency risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

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

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

	September 30, 2022	December 31, 2021	September 30, 2021
Fair value interest rate risk			
- Financial assets	\$ 1,209,492	\$ 884,246	\$ 681,425
- Financial liabilities	1,453,935	360,711	577,267
Cash flow interest rate risk			
- Financial assets	428,081	546,712	290,324
- Financial liabilities	1,921,168	882,575	50,000

Sensitivity analysis

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

When reporting to the management, the Group considers any interest rate fluctuation within 50 basis points reasonable. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit (loss) for the nine months ended September 30, 2022 and 2021 would have increased/decreased by \$5,599 thousand and increased/decreased by \$901 thousand, respectively.

c) Other price risks

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

Sensitivity analysis

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

If marketable securities price had increased/decreased by 5%, the pre-tax profit (loss) for the nine months ended September 30, 2022 and 2021 would have increased/decreased by \$3,563 thousand and \$5,639 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL (excluding investment in money market funds); If the equity securities price had increased/decreased by 5%, other comprehensive income for the nine months ended September 30, 2022 and 2021 would have increased/decreased by \$3,796 thousand and \$5,618 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

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

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

3) Liquidity risk

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

a) Liquidity and interest rate risk tables

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

September 30, 2022

	Effective Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative</u>				
<u>financial liabilities</u>				
Non-interest bearing liabilities		\$ 1,701,382	\$ -	\$ -
Lease liabilities	0.824-1.275	21,783	63,447	60,170
Floating interest rate liabilities	0.629-1.800	14,267	1,995,478	-
Fixed interest rate liabilities	1.110-1.480	<u>1,015,578</u>	<u>300,000</u>	<u>-</u>
		<u>\$ 2,753,010</u>	<u>\$ 2,358,925</u>	<u>\$ 60,170</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years
Lease liabilities	<u>\$ 21,783</u>	<u>\$ 63,447</u>	<u>\$ 53,604</u>	<u>\$ 6,566</u>

December 31, 2021

	Effective Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities				
Lease liabilities	0.824-1.039	\$ 1,446,576 36,606	\$ - 61,891	\$ - 69,520
Floating interest rate liabilities	0.824	1,362	910,414	-
Fixed interest rate liabilities	0.798-0.850	200,077	-	-
		<u>\$ 1,684,621</u>	<u>\$ 972,305</u>	<u>\$ 69,520</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years
Lease liabilities	<u>\$ 36,606</u>	<u>\$ 61,891</u>	<u>\$ 62,259</u>	<u>\$ 7,261</u>

September 30, 2021

	Effective Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities				
Lease liabilities	0.824-1.039	\$ 3,141,699 36,231	\$ - 64,788	\$ - 62,880
Floating interest rate liabilities	0.824	12,861	37,655	-
Fixed interest rate liabilities	0.800-0.850	420,238	-	-
		<u>\$ 3,611,029</u>	<u>\$ 102,443</u>	<u>\$ 62,880</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years
Lease liabilities	<u>\$ 36,231</u>	<u>\$ 64,788</u>	<u>\$ 62,605</u>	<u>\$ 275</u>

b) Financing facilities

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

	September 30, 2022	December 31, 2021	September 30, 2021
Bank loan facilities			
— Amount unused	<u>\$ 6,821,151</u>	<u>\$ 7,394,679</u>	<u>\$ 6,556,241</u>

28. Transactions with Related Parties

As of September 30, 2022, December 31, 2021, and September 30, 2021, USI Corporation held through its subsidiary, Union Polymer International Investment Corporation, 24.97% of the Company's outstanding ordinary shares.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in other notes, details of transactions between the Group and other related parties are disclosed below:

(1) Related parties names and categories

Related Party Name	Related Party Category
USI Corporation	Ultimate parent company
Union Polymer International Investment Corporation	Parent company
Taita Chemical Company, Limited ("TTC")	Investor with significant influence
Asia Polymer Corporation ("APC")	Investor with significant influence
China General Terminal & Distribution Corporation ("CGTD")	Associate
Acme Electronics Corporation	Associate
USI Optronics Corporation ("USIO")	Fellow subsidiary
USI Management Consulting Corporation ("UM")	Fellow subsidiary
Swanson Plastics Corporation	Fellow subsidiary
Swanson Technologies Corporation	Fellow subsidiary
Taiwan United Venture Management Corporation	Fellow subsidiary
Chong Loong Trading Co., Ltd.	Fellow subsidiary
Dynamic Ever Investments Limited	Fellow subsidiary
USIFE Investment Co., Ltd.	Fellow subsidiary
Taita Chemical (Zhong Shan) Co., Ltd.	Subsidiary of investor with significant influence
APC Investment Corporation	Subsidiary of investor with significant influence
USI Educational Foundation ("USIF")	Related party in substance
Fujian Gulei Petrochemical Co., Ltd.	Related party in substance

(2) Sales of goods

<u>Related Party Category</u>	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Three Months Ended September 30, 2021</u>	<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2021</u>
Investor of significant influence	\$ 1,009	\$ 542	\$ 1,578	\$ 1,801
Fellow subsidiary	<u>-</u>	<u>244</u>	<u>343</u>	<u>457</u>
	<u>\$ 1,009</u>	<u>\$ 786</u>	<u>\$ 1,921</u>	<u>\$ 2,258</u>

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

(3) Purchases of goods

<u>Related Party Category</u>	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Three Months Ended September 30, 2021</u>	<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2021</u>
Related party in substance	\$ 260,146	\$ -	\$ 815,525	\$ -
Fellow subsidiary	14,768	16,805	49,179	45,398
Ultimate parent company	<u>370</u>	<u>42</u>	<u>1,449</u>	<u>244</u>
	<u>\$ 275,284</u>	<u>\$ 16,847</u>	<u>\$ 866,153</u>	<u>\$ 45,642</u>

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

(4) Trade receivables

<u>Related Party Category</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Investor of significant influence	\$ 394	\$ -	\$ -
Fellow subsidiary	<u>-</u>	<u>-</u>	<u>120</u>
	<u>\$ 394</u>	<u>\$ -</u>	<u>\$ 120</u>

The outstanding trade receivables from related parties were unsecured. No loss allowance was set aside for receivables from related parties for the nine months ended September 30, 2022 and 2021.

(5) Trade payables to related parties

<u>Related Party Category</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Ultimate parent company	\$ 75,303	\$ 227,135	\$ 104,189
Fellow subsidiary	<u>10,873</u>	<u>10,363</u>	<u>11,810</u>
	<u>\$ 86,176</u>	<u>\$ 237,498</u>	<u>\$ 115,999</u>



TVCM appointed the ultimate parent company to import ethylene, and the trade payables to the ultimate parent company are to be paid off when the ultimate parent company makes a payment.

The outstanding trade payables to related parties were unsecured.

(6) Other receivables from related parties

Related Party Category	September 30, 2022	December 31, 2021	September 30, 2021
Ultimate parent company	\$ 935	\$ 786	\$ 55,284
Investor of significant influence	444	981	680
Fellow subsidiary	40	20	24
Associate	8	3	631
Subsidiary of investor with significant influence	-	1	1
	\$ 1,427	\$ 1,791	\$ 56,620

(7) Other payables to related parties

Related Party Category	September 30, 2022	December 31, 2021	September 30, 2021
Associate	\$ 9,656	\$ 11,289	\$ 16,314
Ultimate parent company	2,611	3,044	65,210
Fellow subsidiary	2,527	148	1,079
Investor of significant influence	2,178	307	100,461
Subsidiary of investor with significant influence	410	409	270
Parent company	-	-	248,707
	\$ 17,382	\$ 15,197	\$ 432,041

(8) Acquisitions of property, plant and equipment

Related Party Category	Purchase Price	
	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
	Ultimate parent company	\$ 575

## (9) Lease arrangements

Related Party Category/Name	September 30, 2022	December 31, 2021	September 30, 2021
<u>Lease liabilities</u>			
Investor of significant influence			
APC	\$ 113,857	\$ 123,733	\$ 127,007
TTC	4,948	12,104	14,478
Associate	<u>1,969</u>	<u>7,844</u>	<u>9,792</u>
	<u>\$ 120,774</u>	<u>\$ 143,681</u>	<u>\$ 151,277</u>

Related Party Category/Name	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
<u>Interest expense</u>				
Investor of significant influence				
APC	\$ 301	\$ 336	\$ 930	\$ 1,032
TTC	17	42	70	144
Associate	<u>9</u>	<u>28</u>	<u>41</u>	<u>101</u>
	<u>\$ 327</u>	<u>\$ 406</u>	<u>\$ 1,041</u>	<u>\$ 1,277</u>
<u>Lease expenses</u>				
Ultimate parent company	\$ 1,718	\$ 1,704	\$ 5,200	\$ 5,103
Investor of significant influence	<u>1,565</u>	<u>709</u>	<u>3,156</u>	<u>1,928</u>
	<u>\$ 3,283</u>	<u>\$ 2,413</u>	<u>\$ 8,356</u>	<u>\$ 7,031</u>

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

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

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

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

(10) Storage tank operating expenses

<u>Related Party Category/Name</u>	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Three Months Ended September 30, 2021</u>	<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2021</u>
Associate				
CGTD	<u>\$ 23,638</u>	<u>\$ 26,307</u>	<u>\$ 71,876</u>	<u>\$ 65,826</u>

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

(11) Management service revenue

<u>Related Party Category</u>	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Three Months Ended September 30, 2021</u>	<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2021</u>
Ultimate parent company	\$ 859	\$ 866	\$ 2,592	\$ 2,535
Investor of significant influence	<u>11</u>	<u>19</u>	<u>51</u>	<u>56</u>
	<u>\$ 870</u>	<u>\$ 885</u>	<u>\$ 2,643</u>	<u>\$ 2,591</u>

(12) Management service expenses

<u>Related Party Category/Name</u>	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Three Months Ended September 30, 2021</u>	<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2021</u>
Fellow subsidiary				
UM	\$ 23,916	\$ 17,643	\$ 86,986	\$ 56,027
Ultimate parent company	<u>1,099</u>	<u>1,010</u>	<u>3,111</u>	<u>2,940</u>
	<u>\$ 25,015</u>	<u>\$ 18,653</u>	<u>\$ 90,097</u>	<u>\$ 58,967</u>

UM and the ultimate parent company provide labor support, equipment and other related services to the Company and its subsidiaries. The service expenses were based on the actual quarterly expenses which should be paid in the subsequent quarter following the related service.

(13) Donations

<u>Related Party Category/Name</u>	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Three Months Ended September 30, 2021</u>	<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2021</u>
Related party in substance				
USIF	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 4,000</u>

(14) Rental income

<u>Related Party Category</u>	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Three Months Ended September 30, 2021</u>	<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2021</u>
Fellow subsidiary	\$ 1,202	\$ 835	\$ 2,934	\$ 2,527
Subsidiary of investor with significant influence	295	264	884	800
Investor of significant influence	<u>67</u>	<u>74</u>	<u>207</u>	<u>207</u>
	<u>\$ 1,564</u>	<u>\$ 1,173</u>	<u>\$ 4,025</u>	<u>\$ 3,534</u>

USIO signed a factory lease contract with the Company with a lease term until April 15, 2023. The Company collects fixed rental amounts on a monthly basis. USIO does not have a bargain purchase option to acquire the leased factory at the expiry of the lease period.

(15) Other income

<u>Related Party Category</u>	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Three Months Ended September 30, 2021</u>	<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2021</u>
Investor of significant influence	<u>\$ 396</u>	<u>\$ 556</u>	<u>\$ 1,073</u>	<u>\$ 1,211</u>

(16) Compensation of key management personnel

The compensation of directors and key executives for the three months and nine months ended September 30, 2022 and 2021 were as follows:

	<u>For the Three Months Ended September 30, 2022</u>	<u>For the Three Months Ended September 30, 2021</u>	<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2021</u>
Salaries and others	\$ 8,240	\$ 3,976	\$ 14,091	\$ 13,309
Post-employment benefits	<u>54</u>	<u>54</u>	<u>162</u>	<u>162</u>
	<u>\$ 8,294</u>	<u>\$ 4,030</u>	<u>\$ 14,253</u>	<u>\$ 13,471</u>

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

29. Assets Pledged as Collateral or for Security

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

	September 30, 2022	December 31, 2021	September 30, 2021
Pledge deposits (classified as financial assets at amortized cost or other non-current assets)	<u>\$ 307,516</u>	<u>\$ 293,779</u>	<u>\$ 293,753</u>

30. Significant Contingent Liabilities and Unrecognized Commitments

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

(1) As of September 30, 2022, December 31, 2021, and September 30, 2021, the Group's unused letters of credit amounted to \$1,414,817 thousand, \$1,463,309 thousand and \$1,883,454 thousand, respectively.

(2) Description of Kaohsiung gas explosions:

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

CGTD reached an agreement with Kaohsiung City Government on February 12, 2015 and pledged a term deposit of \$227,803 thousand (including interest) to the Government as a guarantee for losses caused by the gas explosions. The Kaohsiung City Government has also filed civil litigation against LCY Chemical Corp. CGTD, and CPC Corporation. Taiwan Power Company applied for provisional attachment against CGTD's property on August 27 and November 26, 2015. CGTD had deposited cash of \$ 99,207 thousand to the court to avoid provisional attachment. Taiwan Water Corporation also applied for provisional attachment against CGTD's property on February 3 and March 2, 2017. Assets under attachment amounted to approximately \$10,198 thousand as of October 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. CGTD also agreed to pay \$157,347 thousand to LCY on August 10, 2022 in accordance with 30% of the proportion of fault liability in the first instance judgment in accordance with a tripartite agreement. After that, when the civil litigation is determined, it will be compensated according to the determined liability ratio.

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

As of October 28, 2022, victims and their families have filed civil (including supplementary civil action) lawsuits against LCY Chemical Corp., CGTD and CPC Corp. for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim of \$46,677 thousand, and the amount of the settlement was \$4,519 thousand. Along with the case still under litigation and the above-mentioned compensation, the accumulated amount of compensation is \$3,856,447 thousand. The first-instance judgments of some of the above-mentioned civil cases (with a total amount of compensation of approximately \$1,440,672 thousand) have been gradually announced, starting from June 22, 2018. The proportion of fault liability of the Kaohsiung City Government, LCY Chemical Corp. and CGTD is 4 : 3 : 3 in most judgments. The total amount of compensation that CGTD, LCY Chemical Corp. and the other defendants should pay is around \$401,979 thousand. (In particular, CGTD was exempted to pay \$6,194 thousand according to the court's judgment.) For the civil cases that have been sentenced but not settled, CGTD has filed an appeal and has started the second trial procedure one after another. The rest cases are still under trial in the Court of First Instance (the amount of compensation requested is approximately \$1,912,949 thousand). CGTD has signed a claim settlement agreement with the insurance company in accordance with the proportion of fault liability determined in the first-instance judgment to estimate the amount of settlement for victims and seriously injured and the

civil litigation compensation amount (including settled cases). The maximum amount of the insurance compensation was deducted to calculate the amount payable by CGTD and the NT\$136,375 thousand has been included in the estimate on the account. However, the actual settlement and compensation amount described above can only be verified after the proportion of fault liability is determined in the civil judgments.

- (3) TVCM signed a dichloroethane purchase contract with CPC Corporation, Formosa Plastics Corporation and Mitsui Corp. The purchase price was negotiated by both parties according to a pricing formula.

### 31. Significant Assets and Liabilities Denominated in Foreign Currencies

The group entities' significant financial assets and liabilities denominated in foreign currencies and aggregated by foreign currencies other than functional currencies and the related exchange rates. Assets and liabilities with significant impact recognized in foreign currencies are as follows:

Unit: Except for the exchange rate, all in thousands

#### September 30, 2022

	Foreign Currencies	Exchange Rate (In Single Dollars)	Functional Currencies	NT\$
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 33,868	31.750 (USD:NTD)	\$ 1,075,299	\$ 1,075,299
AUD	956	20.660 (AUD:NTD)	19,758	19,758
EUR	628	31.260 (EUR:NTD)	19,629	19,629
USD	301	7.0997 (USD:CNY)	2,134	9,542
GBP	61	35.530 (GBP:NTD)	2,164	2,164
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	22,361	31.750 (USD:NTD)	709,957	709,957
EUR	176	31.260 (EUR:NTD)	5,493	5,493
USD	8	7.0997 (USD:CNY)	56	251

December 31, 2021

	Foreign Currencies	Exchange Rate (In Single Dollars)	Functional Currencies	NT\$
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 63,223	27.680 (USD:NTD)	\$ 1,750,011	\$ 1,750,011
AUD				
	1,000	20.080 (AUD:NTD)	20,078	20,078
EUR				
	662	31.320 (EUR:NTD)	20,724	20,724
USD				
	293	6.3757 (USD:CNY)	1,865	8,098
GBP	91	37.300 (GBP:NTD)	3,398	3,398
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	13,184	27.680 (USD:NTD)	364,934	364,934

September 30, 2021

	Foreign Currencies	Exchange Rate (In Single Dollars)	Functional Currencies	NT\$
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 76,347	27.850 (USD:NTD)	\$ 2,126,275	\$ 2,126,275
AUD	721	20.070 (AUD:NTD)	14,474	14,474
EUR	850	32.320 (EUR:NTD)	27,470	27,470
USD	293	6.4854 (USD:CNY)	1,897	8,147
GBP	71	37.460 (GBP:NTD)	2,670	2,670
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	34,604	27.850 (USD:NTD)	963,733	963,733
GBP	105	37.460 (GBP:NTD)	3,949	3,949

For the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, net foreign exchange gains (losses) were \$38,829 thousand, \$11,101 thousand, \$141,612 thousand, and \$(35,035) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.



## 32. Supplementary Disclosures

### (1) Information on Significant Transactions

- 1) Financing provided to others: None.
- 2) Endorsements/guarantees provided: 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.
- 10) Other: Intercompany relationships and significant intercompany transactions: Table 6.

### (2) Information on investees: Table 7.

### (3) Information on Investments in Mainland China

- 1) Information on any investee company in Mainland China, including the company names, major business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China: Table 8.
- 2) The following information on any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
  - 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 9.

### 33. Segment Information

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments, including departments of VCM products and PVC products, under IFRS 8 "Operating Segments" were as follows:

#### Segment revenue and results

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

For the Nine Months Ended September 30, 2022

	<u>VCM products</u>	<u>PVC products</u>	<u>Total</u>
Revenue from external customers	\$ 723,064	\$ 13,407,556	\$ 14,130,620
Inter-segment revenue	<u>9,523,400</u>	<u>414,450</u>	<u>9,937,850</u>
Segment revenue	<u>\$ 10,246,464</u>	<u>\$ 13,822,006</u>	24,068,470
Eliminations			( <u>9,937,850</u> )
Consolidated revenue			<u>\$ 14,130,620</u>
Segment income	( <u>\$ 21,751</u> )	( <u>\$ 889,070</u> )	( \$ 910,821 )
Interest income			5,950
Other income			300,833
Other gains and losses			175,417
Share of profit of associates accounted for using the equity method			8,811
Interest expense			( <u>14,097</u> )
Loss before income tax			( <u>\$ 433,907</u> )

For the Nine Months Ended September 30, 2021

	<u>VCM products</u>	<u>PVC products</u>	<u>Total</u>
Revenue from external customers	\$ 546,081	\$ 14,553,616	\$ 15,099,697
Inter-segment revenue	<u>9,651,298</u>	<u>598,094</u>	<u>10,249,392</u>
Segment revenue	<u>\$ 10,197,379</u>	<u>\$ 15,151,710</u>	25,349,089
Eliminations			( <u>10,249,392</u> )
Consolidated revenue			<u>\$ 15,099,697</u>
Segment income	<u>\$ 71,750</u>	<u>\$ 2,462,251</u>	\$ 2,534,001
Interest income			1,868
Other income			71,880
Other gains and losses			( 127,819 )
Share of profit of associates accounted for using the equity method			14,221
Interest expense			( <u>2,998</u> )
Profit before income tax			<u>\$ 2,491,153</u>

Segment profit represented the profit before tax earned by each segment without the share of profit (loss) of associates, interest income, rental income, gain (loss) on disposal of property, plant and equipment, foreign exchange gains (losses), gain (loss) arising from the valuation of financial instruments, and financing costs. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Since the Group's individual segment assets and liabilities were not included in the segment information provided to the chief operating decision-maker, the measured amount of operating segment assets and liabilities was not disclosed herein.

**China General Plastics Corporation and Subsidiaries**  
**Endorsements/Guarantees Provided**  
**For the Nine Months Ended September 30, 2022**

Table 1

Unit: NT\$ thousands

Number	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Made for Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) (Note 1)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Made by Parent for Subsidiaries	Endorsement/ Guarantee Made by Subsidiaries for Parent	Endorsement/ Guarantee Made for Companies in Mainland China
		Company name	Relationship										
0	China General Plastics Corporation	CGPC Polymer Corporation	Subsidiary	\$ 5,633,939	\$ 1,000,000	\$ 700,000	\$ 200,000	None	7.45%	\$ 9,389,899	Yes	No	No

Note 1: The ratio is calculated using the ending balance of equity of the Company as of September 30, 2022.

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

**China General Plastics Corporation and Subsidiaries**  
**Marketable Securities Held**  
**September 30, 2022**

Table 2

Unit: NT\$ thousands

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Unit / Share	Carrying Amount	Percentage of Ownership (%)	Fair value	
China General Plastics Corporation	<u>Beneficiary securities</u>							
	Cathay No. 1 Real Estate Investment Trust	—	Financial assets at FVTPL - current	2,997,000	\$ 53,946	-	\$ 53,946	(Note 1)
	<u>Mutual Funds</u>							
	Jih Sun Money Market Fund	—	Financial assets at FVTPL - current	3,325,729	50,003	-	50,003	(Note 1)
	Capital Money Market Fund	—	"	3,058,815	50,002	-	50,002	(Note 1)
	<u>Ordinary shares</u>							
	China Steel Corporation	—	Financial assets at FVTPL - current	350,000	9,345	-	9,345	(Note 1)
	Tungho Steel Corporation	—	"	95,500	4,722	-	4,722	(Note 1)
	Quanta Storage Inc.	—	"	86,000	3,251	-	3,251	(Note 1)
	<u>Ordinary shares</u>							
	KHL IB Venture Capital Co., Ltd.	—	Financial assets at FVTOCI - non-current	4,977,475	72,223	5.95%	72,223	(Note 1)
Taiwan VCM Corporation	<u>Mutual Funds</u>							
	Yuanta De-Li Money Market Fund	—	Financial assets at FVTPL - current	15,130,058	250,024	-	250,024	(Note 1)
	Taishin 1699 Money Market Fund	—	"	7,301,402	100,225	-	100,225	(Note 1)
	<u>Ordinary shares</u>							
	Asia Polymer Corporation	The major shareholders are the same as the those of the Company	Financial assets at FVTOCI - non-current	130,244	3,693	0.02%	3,693	(Note 1)
CGPC (BVI) Holding Co., Ltd.	<u>Ordinary shares</u>							
	Teratech Corporation	—	Financial assets at FVTPL - non-current	112,000	-	0.67%	-	(Notes 1 and 3)
	SOHOWare, Inc - preferred shares	—	"	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 September 30, 2022, the Group evaluates the fair value of the equity instrument as \$0.

**China General Plastics Corporation and Subsidiaries**  
**Marketable Securities Acquired and Disposed of at Costs and Prices of at Least NT\$300 Million or 20% of the Paid-in Capital**  
**For the Nine Months Ended September 30, 2022**

Table 3

Unit: NT\$ thousands

Buyer/Seller	Type and Name of Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note)		Acquisition		Disposal				Ending Balance (Note)	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain on disposal	Shares	Amount
China General Plastics Corporation	<u>Mutual Funds</u> UPAMC James Bond Money Market Fund	Financial assets at FVTPL - current	—	—	-	\$ -	17,771,179	\$ 300,000	17,771,179	\$ 300,027	\$ 300,000	\$ 27	-	\$ -
Taiwan VCM Corporation	<u>Mutual Funds</u> Yuanta De-Li Money Market Fund	Financial assets at FVTPL - current	—	—	-	-	27,268,116	450,000	12,138,058	200,031	200,000	31	15,130,058	250,000
CGPC Polymer Corporation	<u>Mutual Funds</u> FSITC Taiwan Money Market Fund	Financial assets at FVTPL - current	—	—	6,464,876	100,000	15,826,464	245,000	22,291,340	345,074	345,000	74	-	-

Note: The amount refers to the original acquisition cost.

**China General Plastics Corporation and Subsidiaries**  
**Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital**  
**For the Nine Months Ended September 30, 2022**

Table 4

Unit: NT\$ thousands

Buyer/Seller	Counterparty	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivables (Payables)	
			Purchase / Sales	Amount	Ratio to Total Purchase / Sales	Payment Terms	Unit Price	Payment Terms	Balance	Ratio to Total Notes or Trade Receivable (payable)
China General Plastics Corporation	CGPC America Corporation	Subsidiary	Sales	(\$ 373,911)	( 5%)	90 days	No major difference	No major difference	\$ 237,942	24%
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Sales	( 5,040,099)	( 49%)	45 days	No major difference	No major difference	821,813	49%
	CGPC Polymer Corporation	Fellow subsidiary	Sales	( 4,482,948)	( 44%)	45 days	No major difference	No major difference	666,357	40%
	Fujian Gulei Petrochemical Co., Ltd.	Related party in substance	Purchase	815,525	9%	Sight Letter of Credit	No major difference	No major difference	-	-

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

**China General Plastics Corporation and Subsidiaries**  
**Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital**  
**September 30, 2022**

Table 5

Unit: NT\$ thousands

Company Name	Counterparty	Relationship	Financial Statement Account and Ending Balance (Note 3)	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Treatment Method		
China General Plastics Corporation	CGPC America Corporation	Subsidiary	Trade receivables - related parties \$237,942	2.33	\$ -	—	\$ 47,614	(Note 1)
Taiwan VCM Corporation	China General Plastics Corporation	Parent company	Trade receivables - related parties 821,813	5.81	-	—	367,549	(Note 1)
	CGPC Polymer Corporation	Fellow subsidiary	Trade receivables - related parties 666,357	5.89	-	—	336,508	(Note 1)

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

Note 2: The subsequent period is between October 1 and October 26, 2022.

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



**China General Plastics Corporation and Subsidiaries**  
**Intercompany Relationships and Significant Intercompany Transactions**  
**For the Nine Months Ended September 30, 2022**

Table 6

Unit: NT\$ thousands

Number (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount	Transaction Terms	% of Total Sales or Asset (Note 3)
0	China General Plastics Corporation	Taiwan VCM Corporation	1	Trade payables - related parties	\$ 821,813	No major difference	5%
			1	Purchases	5,040,099	No major difference	36%
		CGPC America Corporation	1	Trade receivables - related parties	237,942	No major difference	1%
			1	Other receivables - related parties	709	No major difference	-
			1	Sales revenue	373,911	No major difference	3%
		CGPC Polymer Corporation	1	Other receivables - related parties	1,618	No major difference	-
			1	Trade payables - related parties	7,773	No major difference	-
			1	Purchases	40,538	No major difference	-
		1	CGPC Polymer Corporation	Taiwan VCM Corporation	3	Trade payables - related parties	666,357
3	Other payables - related parties				30,635	No major difference	-
3	Purchases				4,482,948	No major difference	32%
3	Rental income				1,314	No major difference	-

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

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

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

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

Note 3: The ratio of transactions related to total sales revenue or assets is calculated as follows: a. Assets or liabilities: The ratio was calculated based on the ending balance of total consolidated assets; and b. Income or loss: The ratio was calculated based on the midterm accumulated amount of total consolidated sales revenue.

**China General Plastics Corporation and Subsidiaries**

**Information on Investees**

**For the Nine Months Ended September 30, 2022**

Table 7

Unit: NT\$ thousands

Investor Company	Investee Company	Location	Business Content	Original Investment Amount		As of September 30, 2022			Net Income (Loss) of Investee	Share of Profit (Loss)	Note
				September 30, 2022	January 1, 2022	Shares	%	Carrying Amount			
China General Plastics Corporation	Taiwan VCM Corporation	No. 1, Gongye 1st Rd., Linyuan Dist., Kaohsiung City 832, Taiwan (R.O.C.)	Manufacturing and marketing of VCM	\$ 2,933,648	\$ 2,933,648	259,591,005	87.27%	\$ 3,952,141	(\$ 95,218)	\$ 121,184	Subsidiary
	CGPC Polymer Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Manufacturing & marketing of PVC resins	800,000	800,000	100,000,000	100%	852,463	( 371,287)	( 371,287)	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%	337,153	( 27,223)	( 27,223)	Subsidiary
	China General Terminal & Distribution Corporation	No. 1, Jianji St., Qianzhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)	Warehousing and transportation of petrochemical raw materials	41,106	41,106	23,892,872	33.33%	344,840	24,865	8,288	Associate accounted for using the equity method
	CGPC America Corporation	1181 California Ave., Suite 235 Corona, CA 92881	Marketing of PVC film and leather products	648,931	648,931	100	100%	216,877	( 17,236)	( 17,236)	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%	24,222	30,131	523	Associate accounted for using the equity method
Taiwan VCM Corporation	Global Green Technology Corporation	12F., No. 37, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	Environmental detection services	50,000	-	5,000,000	100%	60,119	10,119	-	Subsidiary

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

**China General Plastics Corporation and Subsidiaries**  
**Information on Investments in Mainland China**  
**For the Nine Months Ended September 30, 2022**

Table 8

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

Investee Company	Business Content	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note 1)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2022 (Note 1)	Net Income (Loss) of Investee	Ownership Percentage of Direct or Indirect Investment	Share of Profit (Loss) (Note 4)	Carrying Amount as of September 30, 2022 (Notes 1 and 4)	Accumulated Repatriation of Investment Income as of September 30, 2022
					Outflow	Inflow						
Continental General Plastics (Zhong Shan) Co., Ltd. ("CGPC (ZS)") (Note 4)	Manufacturing and marketing of PVC film and consumer products	\$ 635,000 (US\$ 20,000 thousand)	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	\$ 635,000 (US\$ 20,000 thousand)	\$ -	\$ -	\$ 635,000 (US\$ 20,000 thousand)	(\$ 28,551) (US\$ -931 thousand)	100%	(\$ 28,551) (US\$ -931 thousand)	\$ 241,534 (US\$ 7,607 thousand)	\$ -
CGPC Consumer Products Corporation ("CGPC (CP)") (Note 4)	Manufacturing and marketing of PVC consumer products	47,625 (US\$ 1,500 thousand)	Investment through CGPC (BVI) Holding Co., Ltd. ("CGPC (BVI)")	47,625 (US\$ 1,500 thousand)	-	-	47,625 (US\$ 1,500 thousand)	689 (US\$ 23 thousand)	100%	689 (US\$ 23 thousand)	14,557 (US\$ 459 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2022 (Notes 1 and 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
\$ 859,854 (US\$ 27,082 thousand)	\$ 996,950 (US\$ 31,400 thousand)	\$ -

Note 1: The calculation was based on the spot exchange rate of September 30, 2022.

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

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

Note 4: All the transactions were written off when preparing the consolidated financial statements; the investment income was recognized based on the financial statements not reviewed by auditors. Please refer to Note 12.

**China General Plastics Corporation**  
**Information on Major Shareholders**  
**September 30, 2022**

Table 9

Names of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership
Union Polymer International Investment Corporation	145,079,236	24.97%
Asia Polymer Corporation	46,886,185	8.06%

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